Daily Report

Latin America

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FBIS-LAT-95-062 *31 March 1995*

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Process of Separation of Forces Begins in Condor Region

PY3103025995 Lima Global de Television Network in Spanish 0130 GMT 31 Mar 95

[FBIS Translated Text] The separation of the Peruvian and Ecuadoran forces in the Condor Mountain Range began today, in compliance with the commitments assumed by the two countries in Brasilia and Montevideo. Unexplainably, the Peruvian bases of Tihuinza and Base Sur are not included in this separation process, as revealed by the special envoy of the Brazilian president, Ambassador Julio Cesar Gomes do Santos, who also said that this second [as heard] stage will conclude in 42 days time.

The separation plan of the four guarantor countries is divided into six stages of seven days each, with compliance to be supervised by the mission of military observers [1-second break in reception] located near the conflict zone.

The first stage began today and, according to Brazilian Ambassador Julio Cesar Gomes do Santos, the separation process is so well-organized that it even stipulates the manner by which, every seven days, the troops of Ecuador and Peru must abandon both sides of the border.

As they withdraw, they must walk, not run. They must carry their weapons, unloaded, on their shoulders, pointing to the ground. With regard to whether the observers will arrive to Tihuinza and Base Sur, Gomes do Santos said that those places are not included in the plan of separation of forces presented by the international mission.

Do Santos said he did not see the mentioned bases in a large plan aimed at total demobilization. What he saw, he said, are bases [3-second break in reception] without specifying names either on one side of the border or the other. The beginning of the process of separation of forces was coordinated by the chief of the observers mission, General Candido Vargas de Freire, and Peruvian Sixth Military Region chief General Luis Perez Document at El Milagro base yesterday.

Meanwhile, there was calm today in the northern border. The military high command held meetings today in the Sixth Military Region headquarters to begin complying with this new stage of the peace process, which coincided with the relief of the fourth group of observers in Peru.

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Cuba

Spokesman Views Migration Talks, Visits to Guantanamo

PA3103030295 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Mar 95

[Report by Barbara Bethancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] During his weekly meeting with the media, Cuban Foreign Ministry Spokesman Miguel Alfonso reported the Spanish Government's imminent appointment of its ambassador to Havana to replace Jose Antonio San Gil. Alfonso also explained that the procedures for the opening of a Costa Rican interest office in Havana had concluded. He said the only thing pending was the arrival of the Costa Rican officials who will work at this office.

In response to several questions, Alfonso broached various migration issues, including the holding of the third round of talks to review compliance with the Cuban-U.S. agreement.

[Begin Alfonso recording] That is correct. We will hold this next round shortly. (?The date) has still not been determined. It could be either at the end of April or in the beginning of May. Both parties are trying to advance and reach an agreement on which is the [words indistinct]. However, they have held concrete talks on this issue. [end recording]

Alfonso made reference to the Cuban who was deported from Sweden. The Cuban arrived on the island last Sunday [26 May].

[Begin Alfonso recording] Cuba has received this person. That is to say, the case is based on a very specific situation. The Swedish Government has expressed the reasons that make this person inadmissible to Sweden and the Cuba Government accepted the deportation process. This is a procedure that is relatively normal between countries that have normal relations. [end recording]

On this same topic, the Cuban official asserted that the Costa Rican Government had not initiated any effort before the Cuban Government to deport the Cubans who have arrived in its territory coming mainly from Grand Cayman.

Alfonso was asked for his opinion on the U.S. Government authorizing Cubans who reside in its territory to visit their relatives who are confined in the Guantanamo Naval Base.

[Begin Alfonso recording] As several Cuban sources have already stated, this is evidently a new violation of Cuba's sovereignty and territory. It is really contradictory that the very same government that places a great amount of obstacles and, in many cases, thwarts the contacts between the Cubans who have migrated to the United States and their relatives in Cuban territory, is the one to facilitate these types of visits and [word indistinct] and places obstacles to the regular contacts between Havana and those who are in Havana [sentence as heard]. This really seems to be totally incongruent and hypocritical. [end recording]

Those were the statements of Cuban Foreign Ministry Spokesman Miguel Alfonso to domestic and foreign reporters here in Havana.

Terms Visits 'New Violation' of Sovereignty

FL3103013795 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] Miguel Alfonso, a Foreign Ministry spokesman, described the United States as two-faced this afternoon in deciding to authorize travel for those in Miami who wish to visit rafters held on the U.S. enclave at Guantanamo while it prohibits Cuban-Americans from traveling to Cuba. Alfonso considers the move a new violation of Cuban sovereignty and yet another U.S. foreign policy paradox. The Pentagon just announced that relatives who want to visit illegal Cuban migrants held at Guantanamo can do so beginning in April. Alfonso pointed out that this decision comes as both sides approach the third round of U.S.-Cuban migration talks, following the accord signed in New York in September 1994.

Alfonso also reported that Cuba has not received official word from the Costa Rican Government on two groups of rafters who landed on Costa Rican shores from Grand Cayman recently.

Ministry Criticizes U.S. Decision

PA3003194095 Havana PRENSA LATINA in Spanish 1742 GMT 30 Mar 95

[FBIS Translated Text] Havana, 30 Mar (PL)—Today, the Cuban Foreign Ministry criticized the U.S. decision to authorize visits from individuals in the United States to illegal Cuban emigrants at the Guantanamo Naval Base.

Miguel Alfonso, a Foreign Ministry spokesman, said during a news conference this kind of action represents a new and evident violation of the island's sovereignty.

He added: This is a matter of Washington hypocrisy, because Washington places all sorts of obstacles to Cubans residing in the United States who want to visit their relatives in the Caribbean nation.

In response to a question from a journalist, Alfonso did not discard the possibility of Cuba officially protesting this action although he said his statement represents an official position on this matter.

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The spokesman confirmed there will be a new round of Cuban-U.S. talks on migration matters at the end of April or the beginning of May. These talks will take place in Havana on this occasion. Their main objective is to review compliance with the bilateral agreements signed last year.

Alfonso denied the government of Costa Rica had established official contact with Cuba regarding several illegal Cuban emigrants who have arrived in that Central American country from Gran Caiman Island.

That is a matter concerning Costa Rica and Gran Caiman, because this issue does not involve individuals who had left directly from our territory to Central America, he said.

Spokesman Answers U.S. Legislators on Harboring Fugivitives

FL3103135795 Havana Radio Progreso Network in Spanish 1200 GMT 31 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] Miguel Alfonso, a Foreign Ministry spokesman, reported during his weekly news conference that Cuba and the United States will meet on migration issues in the latter part of April or beginning of May.

As for reports that Cubans living in the United States may be allowed to visit relatives at the Guantanamo Naval Base, Alfonso said:

[Begin Alfonso recording] Several Cuban sources have described this as clearly a new violation of Cuba's sovereignty over this territory. This is truly a paradox, a government raising an enormous number of obstacles and discouraging contact between Cubans living in the United States and their relatives living in their homes on Cuban territory. They facilitate this type of visit, yet discourage and prevent people in Miami from visiting Cuba. This position seems incongruent and two-faced. [end recording]

Alfonso answered U.S. legislators who have accused the Cuban Government of harboring fugitives from U.S. justice:

[Begin Alfonso recording] The only response that comes to mind, off hand, is that the U.S. Government or the U.S. legislative authorities should perhaps check out how many fugitives from Cuban justice are living in the United States with complete impunity. That would be interesting to know. From the time that people associated with Batista's tyranny left Cuba, the number of fugitives from Cuban justice—they not only live in the United States but also, as you know, are greeted when they arrive—has grown considerably. [end recording]

Alfonso reported during the news conference that Cuba continues to investigate the sinking of a Cuban cargo ship on 13-14 March and whether there are any survivors other than the one already reported.

Fidel Castro Speaks at FEU Congress

FL3003162695 Havana Tele Rebelde Network in Spanish 1730 GMT 25 Mar 95

[Remarks by President Fidel Castro, Higher Education Minister Fernando Vecino Alegret, and unidentified speakers at the Federation of University Students Congress at the Havana Convention Center on 25 March; from the "NTV" newscast—recorded]

[FBIS Translated Text] [Unidentified speaker] The Medical Commission broached the same issue that Nestor and you broached and it was discussed in the Federation of University Students' [FEU] previous congress. I think we must check and see how those accords are being carried out. Job placement through direct specialty, whether it is after the doctor has concluded his social service in the mountain areas, the Revolutionary Armed Forces [FAR], or in the most difficult places, or wherever the FEU sends him. It is the commission's consensus that these students have a very mature attitude.

[Second unidentified speaker] Yes, that is the commission's consensus, which came after our meeting. What I meant was not to do this in a fixed period of time because that could hinder the quality of the process.

[Castro] I have a question. The first of them—those who went to Santiago, Guantanamo and other areas—were going to study medicine....[pauses] were they going to work?

[Unidentified speaker] Yes, to work. They went to outpatient facilities.

[Castro] Yes, and later they returned. They could not study like the students who were back in the cities. In the cities, the other students were going to the clinics. After one year, these students could begin to study the career of integral general medicine [medicina general integral]. Those that were in the mountain areas were taxed in two ways: they stayed there during two years, then came to the city and began their studies, therefore losing one year with regard to other students. The best students would go to the mountains. The students that had gone to the mountain areas would later—after two years— begin studying integral general medicine. Is that going to be changed?

[Unidentified speaker] No, Commander. We have studied something and would like to ratify it during this congress, that is why I was asking Consuelo. The FEU's previous congress broached this issue—it was even accorded—that the students who began to study a direct specialty were to be the first to perform social services, as you said, in the mountains, in the FAR, and in the most difficult places. Direct specialty would only be studied as a second specialty because these medical students would have priority as a first ...

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[Castro, interrupting] Therefore, all of them will study integral general medicine?

[Unidentified speaker] Yes, but there is a problem which we should evaluate. The Public Health Ministry says that there are new needs—this was stated by the delegate from Havana—in certain areas. We think that these new needs should be covered by the integral general medicine doctor and with those who were sent to do the most difficult jobs.

[Castro] Yes, because that was how this was planned.

[Unidentified speaker] That was the way it was planned.

[Castro] The student who has studied integral general medicine is going to be a better specialist. This would not be achievable if he were not as good as the others. In the beginning, direct specialties were allowed because there were no specialists in integral general medicine. This is part of an old story. There was a time that we almost ended up like the Soviets—beginning one's specialty in the first year of study. One specialist in eyes, another in nose, another in ears; it was crazy! There was once a time when one started to study his specialty during the sixth year. Also [words indistinct] while the number of students increased because they did increase, we got rid of that. We were able to achieve a professional doctor with vast knowledge. Take note that in medicine we did not do as in agriculture and other careers. Even in architecture people began to specialize during the third year of study—some in urbanism and in other fields. In transportation, we had specialists in trains, specialists in airplanes—I joked by saying specialists in mules; it is also a form of transportation. All these specialties were thought up by crazy people that have been in Cuba—and we have had quite a few. [words indistinct] have them over there and they hurt much less. Copying things from here, from there,—quite a lot of things from over there—but we did not copy anything in medicine. I did everything that was humanly possible to avoid copying anything. There were some things which were useful, such as preventive medicine. This a very important aspect of medicine. Here in Cuba everyone was inventing a specialty, until that was halted; if not, today we would have 80 medical specialties.

We even developed a plan, up to the year 2000, for each specialty. It was designed by experts and we created a new specialty—integral general medicine. We converted generality into a specialty. This was done to promote equal social and economic conditions. Before this, a general practitioner was someone who had not studied. He would finish his studies; he would not study anything else and he was a general practitioner. All concepts were changed; over 50 different measures were implemented. There were even new programs, after a doctors' delegation visited the best medical universities in the world. New specialty programs were implemented, as well as many other things that had never been done in any other country. Through this Cuba has achieved, notwithstanding the special period, less than a 10 percent infant mortality rate. That seemed something impossible to achieve. Truly, I never thought that we could maintain this level today in the present situation and with our lack of resources. However, the results are there and everyone appreciates these results. That is why we must preserve this concept. The doctor...[pauses] the first specialty should be integral general medicine. For example, the surgical specialty: In the beginning it was thought that manual ability was very important, but I have heard many opinions and the best was that a good surgeon should be a good doctor. Even in those areas where manual dexterity is required, so is solid medical knowledge because if not, you will end up with a butcher instead of a surgeon—a butcher that cuts here and there with no idea of what he is doing. If anyone should know about general medicine...[pauses] but there were no other people; there were no specialists. That is why time had to decide. I have no idea how many general practitioners we have or if there are enough to cover all specialties. There are opinions that we need more specialists in certain areas, however, that is hard for me to believe. I think it is a question of concepts and I wonder if anyone knows how many specialists are needed. In Cuba there are enough pediatricians to make candy with. Internal medicine doctors and obstetricians...[pauses] now that women are giving birth to fewer children, I do not think we need more obstetricians or internal medicine doctors. Who knows where these opinions have come from? We have been preparing specialists in those areas for a long time. That is why I do not understand that opinion. I am aware that there were the so-called anemic careers because no one liked them—radiologist, anesthesiologist and others. There are certain specialties that do not have a direct relation with the patient, therefore people were not interested. We had to pressure people—more than pressure—we had to ask for volunteers, and make them aware of the need in these areas. In those areas I can understand that we need more specialists; but gentlemen, if someone tells me that we need more pediatricians, I doubt it, unless all of Cuba's pediatricians left on rafts and are now at the Guantanamo Base. I have not been informed that this has happened. [chuckles] There are not too many of that type of personnel there. It is a matter of opinion—that should be reviewed. Less children are being born. We have created a large number of specialists; I am not obligated to believe, I must be convinced. The reality is there is a deficit due to this and that. We have 52,000 doctors already, and in the university around 20,000 students. We have reduced the amount of students admitted from almost 5,000 to approximately 2,000. We have converted universities into universities for nurses [words indistinct], medical universities where doctors can obtain more education. We do not have excess resources and I said let's change quantity into quality. The selection process is not the same for choosing 5,000 as for choosing 2,000. There was an estimate of 10,000 for missions abroad. There was an estimate of several thousand so the rest could study—a reserve to be used during doctors' sabbaticals. Those ideas were also implemented

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in the area of education and were associated with Cuba's development. To be able to maintain that type of program you need an increase in the economy. You cannot implement those things during a recession or in difficult times. That was the criteria used to calculate the number of doctors—we were going to have 70,000 doctors. We also had to bear in mind doctors' retirement, which is very difficult to estimate. You cannot make the same estimates as you would in other professions because I know of many doctors that even at the age of 80 continue to practice. They do not retire, even after 55 years of practicing. That makes estimating very difficult because you cannot obligate a doctor to retire just because he is old. That is very hard. You have no idea just how hard it is for these professionals...[pauses] and precisely when, in many areas, they have more knowledge. We have reduced the number of medical students admitted from 5,000 to 2,000. This year it was 2,000—is that right? That is the way we have been administering the situation.

[Unidentified speaker] There are 7,280.

[Castro] Graduates, maybe that is not enough. We have to see if they are all willing to study, even though there are many that do want to study.

What I question here is the number of doctors we need. We would need to establish this number and it should be known. Maybe in some regions there is, and in others there is not, a need for doctors; but in Havana City to say there is a need for doctors—with all the time we have been preparing pediatricians, obstetricians, and internal medicine specialists via direct access—it is something very hard for me to believe. I said that we had over 50,000 and we have to see how much they work. We should have more doctors so there is better health and to have health programs, but not for the doctors to work less. One of these days we should investigate how many are working and studying. I am sure that they do not work as hard as the factory workers I mentioned. There are many. Another opinion is that there should be complete teams of specialists. Also, what is the criteria to be implemented in hospitals—all of this must be studied. I think it is fair that if you must choose between two, and one of them has studied integrated general medicine and has been in the mountain areas during those two years, he should have priority because he has fulfilled a task. I do not know what the situation is with regard to the armed forces' doctors—how many doctors they have, or how long they remain...[pauses] How long?

[Unidentified speaker] Two years.

[Castro] Two years is very little.

[Unidentified speaker] [words indistinct]

[Castro] So he is involved during the second and third years—the commission broached that issue.

[Unidentified speaker] Commander, they were referring to all areas not just medicine.

[Castro] Oh yes, all areas regarding education and the new concept of emphasizing patriotism, revolutionary spirit and idealism. It does not only affect doctors, but everyone—that's good. However, it was in medicine where there were doubts and changes. By the way, have we gotten rid of the narrow profile [perfil estrecho]?

[Unidentified speaker] Yes, Commander, this was discussed in the FEU's congress of 1986. From one congress to another, especially in the fourth congress in 1990, the advances were very important. When the university was converted into a research center, with a reduction in admissions—from that congress to today's—and the increase in research—which is something we are going to discuss this afternoon—the profiles have not been too wide.

[Castro] What do you mean by profiles?

[Unidentified speaker] Profiles, widening profiles—not narrow profiles like in the 1986 congress.

[Castro] They are much wider now?

[Unidentified speaker, interrupting] Yes, they are much wider.

[Castro] In all careers?

[Unidentified speaker] In all careers. For example, there is only one type of economist. In 1986, there were transportation economists, maritime economists,. [pauses] port economists, and many others. Today there is only one career for economists, and one for accountants.

[Castro] There is another thing associated with this. I have heard you say that an agricultural specialist had to begin by doing manual tasks.

[Unidentified speaker] The example that you gave about the complex in Matanzas—maybe our comrades might be able to explain it better—there was a group of engineering students who were involved directly with production. They are resolving the complex's problems and we think that this is the concept that should be implemented regarding job training. It also prepares us to resolve job placement problems. We must teach an engineer that the main thing is his job—he is not going to start as the complex's assistant manager. During the first years of his career, he is going to begin learning directly in his job—that is the complex's system.

[Castro] There was a time when ideas were associated with the universalization of higher education. We asked ourselves—dreaming a little or a lot—if it would be possible for society to prepare everyone with a high level of education, bearing in mind that the more knowledge a society has, the better it becomes. Historically, a university degree has always been associated with intellectual work. If it were to be true that one day things were going to be different—that the difference between manual and intellectual labor was going to disappear—we had to change that concept. We made it very easy to study here,

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even with directed studies, in all fields. However, it was tragic because everyone who obtained a degree only wanted to work in that field, as a college graduate. That is why those ideas—the Revolution's ideas—were no longer emphasized. We were saying universalization of higher education was society's ideal. If you are a tractor driver and wanted to be an engineer there was no opposition to you becoming an engineer. However, you had to keep operating the tractor, the machine, or whatever it was you were operating.

We wanted the difference between manual and intellectual labor to disappear. Was it prejudicial for a harvester to be driven by an engineer? Absolutely not. The ideal situation would be for all harvester drivers to be engineers. Now then, we have had over 500,000 college graduates; however, we did not graduate any cane cutters or weeders. I am not going to mention milking a cow because that turned in to a specialty using hoses, machines, and electricity. Later, that disappeared due to the electrical outages. Some time ago we implemented a very important change—the technicians...[pauses] those who were not college graduates—were medium level technicians and each one wanted to work in that capacity. The day will come when there will be no one in Cuba to do manual labor—no one. We have had this phenomenon in agriculture. What allowed us to continue? The machines. The manual cane cutter and the oxen driver disappeared; we have seen this today. It has been very hard to implement animal power and transportation. One of Cuba's most important problems today is that we do not have manual laborers in our fields. The criteria that each one should stay in his profession continued to reign. Intellectual work and not manual labor. I know that in certain industries, engineers would operate machinery—that was an advance; however, we have not overcome that way of thinking. I think some of the ideas that you have discussed here are important. It is what you called unconditional and how an agricultural engineer should start working. We promised to create a great number of technical schools. We used high schools, as the number of students dropped. We converted many preuniversity schools into agricultural schools to graduate qualified workers. However, the best qualified students' right to study was maintained. We established that 5 or 10 percent of the agricultural students would increase their level. I think that the best high school students kept a certain degree of privileges. I cannot remember that too well right now. This was done because we wanted to establish schools for qualified workers, but workers. Imagine all of this—how many schools do we have now, Gomez [Education Minister Luis Ignacio Gomez]?

[Gomez] There were 55 schools when we started this idea, which by the way, came about here in the 4th FEU congress when you suggested this publicly. Now we have 165. We started off with 55 and now we have 165. There are over 45,000 students in those schools.

[Castro] We also changed the concept of those 55...

[Gomez, interrupting] I can assure you that the students have very clear in their minds that they are qualified workers. Independently from whatever may be published, they have this very clear. The 8,000 students who have just graduated are working together with the agriculture ministry, sugar industry ministry, and the Youth Labor Army out in the fields. As you say, it is an incentive for that 10 percent—the best students—to be considered for admission to higher education levels, once having passed an aptitude course because they do not get admitted directly.

[Castro] That is very important because a country of high school and college graduates alone does not function. Education can not be universalized if work is not universalized. This is the idea behind the concept of work and study. This was a problem that was seen very early; our Revolution saw this very early. Education's universalization had to be accompanied by work's universalization. Here we universalized education, but not work. The truth is that the level of work was decreasing. That is still true. Now we face special conditions. It hurts to see that...[pauses] we had tremendous projects in the universities—we also discussed this in our congress—development projects for all universities, resources, construction, education projects, Granma's famous school, and the one in Manzanillo. We had beautiful projects, no one knows just how much it hurts to have...[pauses] all of that. The outlook was really very good, before the tragedy occurred...[pauses] but we also developed the economy and technology. Socialism is the only system that can one day resolve unemployment, not through padded payrolls, but by reducing the time at work or work rhythm. It is not written anywhere that man must be an animal. I have seen man working harder than an ox, a horse, or a slave in modern industries. Man is a slave of modern machinery—that is the worse type of slave that has ever existed. [words indistinct] is a socialist idea. I said in Copenhagen that a society which cannot resolve its problems is unsustainable. In Denmark's capital I found out just how sensitive everyone is to unemployment; it is a plague and they have several plagues. They have the seven plagues that the Bible—I think—mentions. One of the most important plagues they have is unemployment and the increase of violence and drugs. I say it is proof of those societies' decadence.

Now, we must be very realistic—what Gomez was saying is true—we must have a reserve. When we were talking about doctors I forgot to mention that we give them permission to leave. If you want to leave, leave. It is preferable to have a new intelligence entering a university to become a doctor than to have someone who has lost his values or his patriotism and wants to leave Cuba.

Let's not close any universities and deny future generations the privilege of attending class. We must consider that there will always be an exodus of professionals, doctors, and others. We can balance all of this out with the students who have been admitted. I have been debating with myself quite a bit since yesterday. I am

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always asking comrades: How are we doing? How are your studies? We increased the number of science students to accommodate one development project. We had to guarantee positions for many of those students after that project was suspended. The only reasonable thing to do was to cut back on admissions. We have no choice but to consider quality over quantity when deciding who should receive a higher education. This is not a whim but a reality based on our needs. In any case, don't we have quite a few students? How many full-time [regular] students do we have?

[Unidentified speaker] About 100,000.

[Castro] About 100,000. What about those in professional studies [estudios dirigidos]?

[Unidentified speaker] Minister Vecino might be able to help us here.

[Vecino] A total of 12,000 students right now [words indistinct]. A total of 2,000 more registered in the last two years. It is still a very attractive field. We have graduated about 1,000 already. There are 700 or 800 lawyers. They have authority and prestige. They are not second-class professionals...

[Castro, interrupting] Vecino, what are you talking about? What are you talking about?

[Vecino] I am talking about professional studies, the liberal courses [cursos libres]...

[Castro, interrupting] These courses have been around for 100 years. What do you mean we have only graduated 1,000 students? Tell me about the others. I want to add up the figures on both liberal and professional courses.

[Vecino] A total of 38,000 students are enrolled in what we referred to earlier as professional courses. There was once over 100,000 students enrolled in those courses.

[Castro] That's what I wanted to hear. We once had over 100,000 students. They were part of the regular courses. Vecino, you are in contact with the students...[pauses for applause] very hardheaded...[pauses for laughter] but that is something else.

[Vecino] Just like you. Just like him.

[Castro, chuckling] If it's a compliment, it's not criticism. Do you know of any lawyer or graduate of philosophy or of any other field—those fields from which we graduated—who is cutting cane?

[Vecino] It's possible, but I do not know of anyone.

[Castro] A volunteer worker in a contingent...

[Vecino, interrupting] Commander, I do know that this is the year...

[Castro, interrupting] Have they returned to manual labor?

[Vecino] I will give you an example...

[Castro, interrupting] What did the historian do? What did he demand when those 100,000 students graduated?

[Vecino] He prefers work as a historian. That is only fair.

[Castro] Yes, it is only fair. But isn't eating more fair? Having potatoes and jams...[pauses for laughter and applause] The problem is that once he became an historian—we all have great respect for historians—he had to have cabbage grown for him in the fields. He had to have all his food, milk, and everything else either harvested or imported for him. An inverted pyramid situation develops when society advances in that way, with millions of people at the top relying on few people at the bottom for everything. Let's not forget padded payrolls. Some of the organizations that were conceived here, hotels...[pauses] well, not hotels...[pauses] Hospitals and schools had two or three times the number of people they needed. Unemployment figures dropped in that area. There was a time when this could be done and maintained. Vecino, your area grew like crazy. You are an Olympic champion...[pauses to chuckle]

[Vecino] We have almost cut that in half.

[Castro] By the year 2015?

[Vecino] The number of students we had in...

[Castro, interrupting] No, I am talking about university professors.

[Vecino] No, commander. We have not reduced the number of professors very much.

[Castro, chuckling] Because they are your workers...[pauses to mumble; mumbling indistinct] You said that you reduced the number of students, yet did not mention the number of professors. If the payrolls for professors were padded then, the payrolls for professors must be way overpadded now considering there's only half as many students.

You are not the only one, Vecino. This is happening everywhere. Everyone here looked for workers...[pauses] You kept many of the best students. The problem was that they did not have professional experience. In any case, they stayed on as professors. How many university professors do you have?

[Vecino] There currently are 21,000 university professors, down 3,000 over the last four or five years. The Higher Education Ministry employs just under 8,000 professors. The overall total is 21,000.

[Castro] Overall, what?

[Vecino] We have cut 3,000. Commander, many of them are involved in research. The number is growing.

[Castro] Well, that's something. I mention this every chance I get. I was just saying the other day that we have the largest number...[pauses] I was very pleased that I could report this to UNESCO. I discovered one day that we had the most teachers and professors per capita. That

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is good. It is excellent that they are being put to good use and are committed to teaching and learning [words indistinct] not the ideal. I will not say in times like these, but as a human ideal [words indistinct]. We also have the most doctors per capita. This fact is tremendously important: We are even with Canada as far as the numbers of teachers and professors per capita are concerned. I told them this in Copenhagen so that they could see...[pauses] very clearly. Social development does not figure into the neoliberalist or capitalist equations. Social development is impossible today, considering all the problems the world faces. I offered Cuba as an example. I only quoted two or three facts: One of them was the number of professors, doctors, coaches, art teachers, and so many others. We were once considered the country hosting the most foreign students on scholarship—that is, when we handed out scholarships to foreigners—per capita: There were 80,000 in the USSR and 25,000 in Cuba, but the USSR was 28 times larger than Cuba. No developed country, not even the United States, could match that. It's the same with the children from Chernobyl: We have helped more of these children than the rest of the world put together. That statement has great impact. It is an irrefutable argument. If a Third World country has done this...[pauses] Social development does not lie in addresses and resolutions. The social development summit was most unreal, resembling a communist, Bolshevik congress. Everyone was talking about poverty, hunger, misery, unemployment, illiteracy, and poor health care. They spoke so cheerfully about all of this. It is important to remember that capitalism created all of that and that neoliberalism terminated education and health care budgets everywhere. Thousands of teachers flock to Cuba every time there's an educational conference. They all cry out in unison, demanding to know why school budgets have been cut. They are killing children out there. There are death squads for children and other similar things. The public health sector has raised the roof because everything has been taken away from them. The most hypocritical thing about that summit was that neoliberalist and imperialistically hegemonic governments were discussing social development. Everyone is convinced of that, especially the honest people of those developed countries. How could this little country have all of this—we still have it today—without industrial development and with almost no energy resources? Cuba is not lucky enough to be floating on a sea of crude oil. No other country has accomplished as much, not even the developed capitalist countries. I will not even mention other countries, for they are far behind.

Therefore, the idea that there cannot be true social development without socialism...[pauses] The others have so much money. They have raided the world and continue to do so. They sell stuff at high prices and buy stuff cheap. They have enough resources to obliterate poverty yet spend only a little money to help those who are unemployed and very humiliated. The rest of the world—4 or almost 5 billion inhabitants—does not have these kinds of resources. This is true. We should not feel ashamed of what we have accomplished, regarding these per capita figures. We must use what we have wisely and adapt to our reality. I prefer that you continue with those professors. Yes, I prefer that. I [words indistinct] recommend to take the professors out; undoubtedly, we cannot continue to admit more and more students. We must adjust admissions to our true possibilities today. This is not about the economy but about providing every college graduate with a job. That is what we have been discussing here. We must adapt in that manner [words indistinct] everything else. We are keeping...[pauses] We have not closed any medical schools. We have regulated them. We need nurses. We must increase the number of nurses. Regarding what was mentioned here...[pauses] excess currency...[pauses] Many people quit their jobs. There have been other problems. We have been improving on these situations. The demand for work grows. Patriotism has motivated the majority of our people to work over these years; however, not everyone has the same attitude. Many decided that they would not use the bus or fight traffic to get to work and caused considerable harm. Schools began to suffer from lack of teachers and services, hospitals were without nurses and services, and many other things happened. [applause]

Castro Meets Visiting Mexican Legislators

FL3103141195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 31 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] We just received word that Commander in Chief Fidel Castro has met the 21 Mexican National Action Party senators who are visiting Cuba. The Mexican delegation, headed by Senator Enrique Jimenez Romus, coordinator of the National Action Party in the Mexican Senate, arrived in Havana today in response to a Cuban National Assembly of the People's Government invitation. The senators had a friendly conversation with Cuban President Fidel Castro regarding the situation in Cuba and addressed international topics. The Mexican delegation will visit locations of economic and social interest in Havana on 31 March. They will also meet Cuban ministers and officials.

Russian Foreign Ministry Applauds Treaty Signing

FL2903212995 Havana Radio Rebelde Network in Spanish 1800 GMT 29 Mar 95

[From the "National Radio News"]

[FBIS Translated Text] Today the Russian Foreign Ministry said that the addition of Cuba to the Treaty of Tlatelolco contributes to the strengthening of nuclear nonproliferation, not only in Latin America but in the entire world. In the opinion of the Russian Government, the increase in the number of treaty signers encourages

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the creation of a nuclear weapon-free zone, indispensable for international stability and for coordinating world use of nuclear energy for peaceful means. The Foreign Ministry document said that the Cuban decision to sign is even more relevant on the eve of the signatory nations' nuclear nonproliferation treaty conference in New York in mid-April.

Moreover, Jose Miguel Insulza, Chilean minister of foreign relations; Sergio Gonzalez, Mexican vice minister of foreign relations; and Peruvian Enrique Roman Morex, secretary general of OPANAL, the Organization to Ban Nuclear Weapons in Latin America, congratulated Cuba for signing the Treaty of Tlatelolco, which bans nuclear weapons in Latin America and the Caribbean. Cuba emphasized its willingness to be fully integrated into the regional community and to help ensure peace and security. Nevertheless, obstacles that had hindered full incorporation of the treaty are still evident.

Russian Economic Official Expresses Confidence in Ties

FL2903163595 Havana Cuba Vision Network in Spanish 0100 GMT 29 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Sergey Glaziyev, head of the economic policy committee of the Russian lower house, met with representatives from the foreign relations and foreign trade ministries on 28 March. In the morning Glaziyev met with Foreign Relations Vice Minister Isabel Allende, and after expressing his satisfaction with the meeting, commented on domestic and foreign political issues. Glaziyev stressed the importance of ties that strengthen the relationship between Russia and Cuba, and expressed his confidence in their continued growth. Glasiyev, accompanied by Russian Ambassador to Cuba Arnold Kalinin, as well as other Russian diplomats, also met with German-Amado Blanco, first vice minister of foreign trade. They discussed the real possibility of concluding trade agreements in 1995, and expanding mutual interest treaties in the near future, among other bilateral issues.

Minister Meets With Government Chief of German State

PA3003143295 Havana PRENSA LATINA in Spanish 1129 GMT 29 Mar 95

[FBIS Translated Text] Bonn, 29 Mar (PL)—Cuban Foreign Trade Minister Ricardo Cabrisas has met with Johannes Rau, government chief of the federal state of North Rhine-Westphalia, Cuban Ambassador to Germany Rodney Lopez reported today.

Cabrisas and Rau discussed the economic opening taking place in Cuba and bilateral relations, among other topics, according to the source.

Cabrisas is on a one-week visit to Germany, invited by the government of North Rhine-Westphalia and the West Deutsche Landes Bank (WDLB).

Ambassador Lopez said Cabrisas participated in a meeting, among other activities while in Germany, with the WDLB president to review the possibilities of expanding relations between that institution and the National Bank of Cuba in the future.

In addition, as part of a busy agenda, Cabrisas also met with various state and Federal Government officials and attended a meeting of the Economic Development Society, which groups small and medium enterprises in Rhine-Westphalia.

From Rhine-Westphalia, Cabrisas will travel to the federal states of Baden-Wurttemberg and Hamburg, where he will be received by the local authorities.

Commentary Notes Efforts To Specialize Press Corps

FL3103141995 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Mar 95

[Fernando Davalos commentary; from the "Exclusive" program]

[FBIS Translated Text] The farming affairs press corps was established in Havana barely a few hours ago. The sugar industry press corps was established a few days ago. Cuban journalists are being grouped into areas of expertise—sports, science and technology, tourism, etc.—for two main reasons: to facilitate access to sources of information and to keep abreast of developments in their coverage area. These specialized groups also serve to bring the heads of organizations, economic branches, and activities closer to the journalists.

It is not a classic case of giving reporters the green light in a particular area but of improving service to the public by providing it with good elements of judgment and opinion. Journalists often face red tape and are not received here and there. That contempt ultimately affects the public. All kinds of reasons are given—sometimes no reason is given—for refusing to explain actions or to inform the public. The answer is silence, slighting the public's need for information in a modern and combative society like ours.

In many other sectors of national life, journalists—this is a prerogative of their profession—have valid opinions and reflect the opinion, criticism, and suggestions of the population and the real effect the information has on the streets. All this can serve to improve and enrich our social and economic life greatly. It can help in the quest to provide more and better information about our affairs, while always watching out for the interests of the people and protecting them from inopportune indiscretions, irresponsibility, or contempt.

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Bahamas

Defense Force Confirms Role in Haiti Not To Change

FL3103012795 Nassau Bahamas Radio Network in English 1800 GMT 30 Mar 95

[FBIS Transcribed Text] The United States is expected to relinquish military power to the United Nations tomorrow in a ceremony set to take place in Port-au-Prince. Public Relations Officer of the Royal Bahamas Defense Force Lieutenant (Loren Kline) says the role of the defense force officers will not change as the result of this transfer of power:

[Begin (Kline) recording] Well, they'll still be basically carrying out general peacekeeping duties. These consist, primarily, of the (?counterurban) security operations. But they have been redeployed to a new area of operations: On 25 March, they were redeployed to the southwest sector, the towns of Jeremie and Les Cayes. Their primary duties there will be to provide security during the registration process, which should be taking place around 26 March to 16 April. [end recording]

Haiti

Aristide Comments on Democracy, Recent Slayings

PA3003202895 Port-au-Prince Signal FM Radio in French 1130 GMT 30 Mar 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Haitian President Jean-Bertrand Aristide expects the UN force that will take over from the U.S.-led multinational force on 31 March to disarm paramilitary groups and gangsters who are sowing panic on the island, THE NEW YORK TIMES reported on 29 March. Some of the 6,000 blue helmets and 900 policemen of the next UN Mission in Haiti are expected on 31 March.

In an interview given to the U.S. newspaper in Port-au-Prince on 28 March—the very day attorney Mireille Durocher Bertin was assassinated by unidentified gunmen in Port-au-Prince—President Aristide said the climate in Haiti is sufficiently safe and stable to allow this transition of authority from one force to the other, while acknowledging that more must still be done.

The blue helmets will have to act aggressively to disarm those people Aristide calls opponents of democracy to enable the situation to become safer from day to day. In the short term or, better yet, as of now, if we arrest some hoodlums and disarm others—and all of this should happen in accordance with legal procedures—we will send a positive signal and improve the security situation, President Jean-Bertrand Aristide added.

We do not accept vengeance, but also (?do not accept) impunity for criminals, the president added. We want justice and the law. If we do not make arrests in accordance with the law, however, criminals will feel free to kill others, he said.

[Begin Aristide recording] The Haitian people proclaim their constitutional prerogative to guarantee their inalienable and absolute rights to life and the pursuit of happiness in compliance with the Declaration of Independence of 1804, as well as with the Universal Convention on Human Rights of 1948. They also proclaim right to create a socially just, economically free, and politically independent Haitian nation, as well as to restore a stable and strong government capable of protecting the nation's values, traditions, sovereignty, independence, and national vision. Establishing democracy implies ideological pluralism and free political succession, thereby asserting the inalienable rights of the Haitian people.

[In Creole] We cannot accept the crimes being committed in the country. We cannot accept the fact that people use weapons to take the lives of others, as is happening now. I take this opportunity to offer condolences to all of the parents and friends of the victims, beginning with the latest crimes, such as what happened on the afternoon of 28 March, when they killed attorney Mireille Durocher Bertin and Eugene Baillergeau. We also remember all others who have been victimized. [end recording]

Further on Aristide Comments

PA3003230195 Port-au-Prince Radio Metropole in French 1700 GMT 30 March 95

[FBIS Translated Text] On 29 March, the eighth anniversary of the Constitution, President Aristide met with the press at his home in Tabar. He addressed the nation to mark the eighth anniversary of the Haitian Constitution. President Aristide committed himself once again to respect the Constitution and to see that it is respected. The head of the state vowed not take any action contrary to our fundamental law. He intends to take up the challenge with the Haitian people. By respecting the Constitution and establishing a state of law, the president said, we will succeed in having a country with less insecurity and a lower cost of living. Once again he advocated nonviolence, reconciliation, justice, and respect for the rights of all Haitians without distinction.

[Begin Aristide recording, in Creole] On the Constitution's eighth anniversary, I ask everyone to respect each other's rights, which requires tolerance, reconciliation, and justice. I know you are saddened by these crimes, but I am telling you to have strength in your sadness so we can build a state based on law. Only the law can save Haiti. Weapons and killing cannot release Haiti. Only law can take us to reconciliation so we can build a state based on law.

We thank all Haitians and all friends of the Haitian people who are helping us build this state. That is why we

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continue with our preparations to welcome President Clinton. Tomorrow we will be pleased to welcome UN Secretary General Butrus Butrus-Ghali and all the friends of the Haitian people who are helping us build a state based on law. Friday will be a beautiful day. Friday will be a great day. We will give an incomparable welcome to demonstrate the resolve of the Haitian people to make Haiti beautiful. As such, we will find support to stop the criminals. [end recording].

President Aristide also strongly condemned the double murder of Attorney Mireille Durocher Bertin and one of her clients and said he hoped the criminals would be tried in court. The president added that he has requested the help of the FBI in this case. He also took the opportunity to deny any participation by his supporters in the murder of Attorney Bertin, who never hid her opposition to the current government.

[Begin Aristide recording] That is why I insist that criminals who go about killing people be disarmed. For a long time we have seen crime in the country and we have always insisted on disarming people in accordance with the law. We will continue to insist that they be disarmed. That is why I said before that people responsible for justice should not be cowards. The same goes for the government and members of the interim police force, because only together can we halt the insecurity. The international community's role is to accompany the Haitian people. It is not here to do the job for us. Its role is to work with us. The more we work together, the more we can stop insecurity. [end recording].

President Aristide insisted on the disarming of gangsters who are spreading terror. He also called on the authorities to assume their responsibilities.

Questioned about the interim police force's lack of resources to face the armed bandits, the president said he supported an increase in the resources available to the Haitian interim police force and asked for the help of the international community. At the same time, President Aristide recognized that the governmental machine was going to slow down but explained that it is still going in the right direction. The president added that President Clinton's 31 March visit will serve as a stimulus to the governmental machine to reach its objectives. Regarding the transition between the multinational force and the UNMIH [UN Mission in Haiti], President Aristide said there was enough security in the country for UNMIH to intervene. The head of state noted, however, that security needed to be improved every day and called on the population to cooperate.

[Begin Aristide recording] I am the president of every Haitian. In that context, I am prepared to welcome all Haitian men and women; all political leaders; and heads of parties and candidates. As long as I can create this atmosphere of neutrality when it comes to welcoming them, listening to them, and speaking with them, I will demonstrate that I am the president of every Haitian. [end recording]

Antigovernment Demonstrators Demand Departure of Ministers

PA3003003495 Port-au-Prince Radio Metropole in French 2100 GMT 29 Mar 95

[FBIS Translated Text] Hundreds of people gathered in Port-au-Prince on the morning of 29 March to protest the government, the high cost of living, and lack of security. Demonstrators surrounded the National Palace and demanded the departure of Prime Minister Smarck Michel and several of his ministers, including Commerce Minister Maurice Lafortune. According to the demonstrators, the commerce minister is responsible for the high cost of living in Haiti. During this antigovernment demonstration, the third in two weeks, the demonstrators asked President Aristide for specific measures to halt the lack of security that has swept the country, particularly the capital.

Senate President Questions Holding Elections on Schedule

PA2903195195 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Mar 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The head of the National Assembly is very pessimistic about the upcoming elections. In an exclusive interview with Signal FM, Mr. Firmin Jean-Louis indicated that it would be impossible to organize elections in such a tense climate. Everybody should question whether we should permit elections to be held in Haiti in light of the people's lack of security, according to the president of the Senate of the Republic, who is calling on the Haitian people to address urgent issues such as the elections, security threats, the high cost of living, and so on.

[Begin Jean-Louis recording, in Creole] I would be lying to you if I said I am totally confident, because all Haitians—those who truly want democracy, who believe in democracy, and who understand the current situation and its importance in the country's evolution in terms of restoring democracy—realize that elections are of paramount importance for the future of Haiti and for the future of democracy in this country. Now, it is everybody's duty to... [pauses] We must ensure that these elections are held under the best possible conditions. At this time, however, people are raising many questions and have many apprehensions that are quite justified. The security situation, for instance, is one of the questions that often comes up in debates concerning the viability or feasibility of holding elections on schedule.

I believe it is very important for the elections to be held as soon as possible, but, at the same time, I would also say that instead of having harmful elections within a precarious context, in such a precarious and, yet, such an important context for the country's future, perhaps... [pauses] I think we should do everything we can to have appropriate elections under the best possible conditions,

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even though the date may not exactly correspond to the one everybody thinks of—namely, 4 June.

I think it is our duty, and foremost, the Provisional Electoral Council's duty, to ensure we are neither moving toward a 29 November 1987 nor heading toward elections that will give rise to the gnashing of teeth, or whose organization will prompt dissatisfaction. Therefore, I cannot tell you I am completely convinced.

I certainly believe elections need to be held, but everybody must work toward this end. Everybody must look inward and ask themselves questions such as: Can we really allow elections to be held under current conditions? We must ask this because everybody sees that every day there are... [pauses] The lack of security frightens people a great deal. Therefore, can elections be held under these conditions? I do not know. This is the question that everybody should be asking. Everybody should decide their position on this issue in order that the nation can assume its responsibilities on the question of elections. [end recording]

Lavalas Platform Holds First Congress

PA2903190095 Port-au-Prince Radio Metropole in French 1700 GMT 28 Mar 95

[From "The Midday Newscast"]

[FBIS Translated Excerpt] The Lavalas Political Organization [OPL] held a rally on 27 March. The first congress of the Lavalas Platform, which brings together parties close to President Aristide, took place at the Rex Theater in Port-au-Prince with the theme: Roundtable. The Lavalas camp, without the FNCD [National Front for Change and Democracy], kicked off the campaign. Our reporter Rodrigue Sejour has filed this report:

[Begin Sejour recording] Every person is a human being—this is the slogan of the Lavalas rally, as well as: Unity of the nation, and Consolidation of democracy.

According to Max Andre, the MOP [Movement for the Organization of the Country] representative within the Lavalas Platform, if we want to rebuild the country and establish true democracy, it is necessary to recognize that every person is a human being, and that every person has a seat at the roundtable. The representatives of popular organizations, however, found themselves on the sidelines. As the ceremony got under way, they were demanding their seats at the roundtable. [passage omitted]

When the rally almost turned sour, a compromise was suddenly found: Manno Charlemagne was allowed to speak on behalf of the popular organizations. The goals of this political front, according to the OPL's Yrvel Chery, are not limited to its participation in elections but, in a broader sense, to reach a genuine social and political pact with a view to changing Haitian society. In the short-term, the Lavalas rally constitutes the guarantee of a much larger project, which is designed to ensure that the rights of each and every Haitian citizen are respected. It is designed to ensure justice, the realization of personal and national goals, and the development of justice and participative democracy. Nevertheless, the first step Lavalas intends to take comes within the context of the upcoming legislative and local elections. In this respect, instructions were issued to the various members of the Lavalas union. [passage omitted]

As of now, the leaders of Lavalas have no list of candidates. The Electoral Commission's Validation Committee has started to receive candidate lists proposed by organizations affiliated with the Lavalas movement. A definitive list will soon be released. While presenting a report on their preelectoral activities, representatives from popular organizations in the capital, the provinces, and from overseas showed that they are fairly well prepared for the elections. Others, however, reproached the leaders for imposing various candidates on them. According to these people, such proposals must come from the grass roots.

We should note that during this first congress on 27 March the Lavalas Platform presented its founding principles and political strategies. The founding members of this movement are inviting all sectors, particularly those they call the supporters of change, to, and I quote, join us for a great national construction effort. [end recording]

The FNCD, which did not take part in this session, is holding its congress today.

FNCD Members Come Together, Vow To Win Election

PA3003223695 Port-au-Prince Radio Galaxie in French 1230 GMT 29 Mar 95

[Report by Evens Hilaire, in Creole]

[FBIS Translated Text] FNCD [National Front for Change and Democracy] members and supporters, cheering, and with cocks in hand [reference to Aristide's election symbol], opened the FNCD convention on the morning of Tuesday, 28 March, at the National Theater. Before the convention began, they observed a minute of silence in memory of all those who died in the democratic struggle between 1987 and 30 September 1991—the day of the coup d'etat that overthrew President Aristide. Jean-Nazaire Tide, representing the People's Organizations National Platform, unabashedly said the FNCD is going to win the elections.

A member of the 16 December Democratic Camp [K-16] recalled the names of militants, such as Antoine Izmery, Guy Malary, and Father Jean-Marie Vincent, who died for President Jean-Bertrand Aristide's return to Haiti. According to him, the time has come for them to solidify their positions. The K-16 member clearly said they do not want divisions within the democratic sector.

Claire Lydie Parent, Jean-Claude Nord, and others also spoke. Jean-Claude Nord stated: If the son (?does) not

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come to the father, it is not the father's duty to go to him. He added that in 1990 the FNCD taught them lessons, and that in 1995 there will be even more lessons to learn.

FNCD spokesman Turneb Delpe affirmed that the struggle has just begun. Former Senator Delpe gave a brief historic recount of the democratic struggle that gave rise to the FNCD on 14 June 1990 to face Roger Lafontant, the Union for National Reconciliation leader. Delpe told the people not to throw out their old pots and for new ones. He also asked the following question: Did all of the FNCD candidates disguise themselves with the heads of cocks while their bodies were guinea fowls [the guinea fowl was the official symbol of the Tontons Macoutes under the Duvalier regime]?

[Begin Delpe recording] Haitian people, the FNCD is your old pot—the pot in which the 16 December 1990 democratic soup was cooked. [applause] Do not throw away your old pots in favor of any so-called new pots, in which food for a fat cat's table is going to be prepared. [applause] [Words indistinct] the 16 December 1990 democratic soup, which was cooked in the old FNCD pot fed a lot of cocks, including bogus cocks—those cocks with guinea fowl bodies. Moreover, many of them were spineless cocks that flew away from the arena just when they were needed most, when many first-rate cocks were needed to fight for President Aristide's return. [applause]

Today, their self-appointed place is around the table. They pretend they have left room for us after sitting in the only four chairs they have placed at the table. [applause] This means... [pauses] this means that we, the first-rate cocks that remained in the arena to fight for President Aristide's return, are suitable today to be tethered to the table. Today, I would like us to tell them that first-rate cocks cannot be tied to the legs of any table. [applause]

Haitian people, we depend on you to keep your old pot, which is the FNCD—the pot in which the 16 December 1990 democratic soup was cooked, the pot in which the 4 June 1995 democratic soup will be cooked. [end recording]

For his part, Port-au-Prince Mayor Evans Paul asserted that the struggle for democracy and change has begun. The leader of the front stated that cocks that know how to struggle can never lose. Paul said 1990 was only the beginning and that the essentials are yet to come.

[Begin Paul recording] The chapter we will open now deals with the table. We know the people need a table, but a table on which there is food to eat. We do not need a table around which people are going to merely sit, speak French, and tell a lot of lies. We certainly do not need any wobbly table with only three legs. [applause]

The worst thing is that these blockheads are attempting to disguise themselves as clever people. These dunces take a table and sit four people around it, using four chairs, four people, and leaving no more room, and then they ask me to come to the table. This means the only place the blockheads have left for me is under the table. [applause]

We do not sit under tables. Under Duvalier, we were not under the table. Under Namphy, we were not under the table. Under Avril, we were not under the table. Under Nerette, we were not under the table. Under Bazin, we were not under the table. Under Agaou [reference to former President Emile Jonassaint, who used to challenge threats of U.S. intervention in Haiti by saying: "Agaou [a voodoo god] says if God wishes"], we were not under the table. Then, why should we crawl under the table now? [applause]

Our place is around the table—a serious table where serious issues are discussed in the interests of the people. This is our legitimate place. Nobody can prevent us from sitting at the table, as is proper, whenever we want to. [applause]

Moreover, in an effort to keep the table firm, we must be there not only to attach the missing legs, as well as to add chairs in order that each and every delegate can sit on one, but also to set a beautiful red-and-white FNCD-Lavalas first-rate cock No. 5 carpet [allusion to slogan used by the FNCD during the 1990 elections]. [end recording]

Later, music played inside the National Theater. The FNCD says that, no matter what, it will indeed win the elections. We must also point out that we noticed the presence of King Kino [well-known pro-Aristide singer], attorney Leon Jeune [state secretary of justice], and several other personalities.

RDNP, UPAN Sign Pact on Electoral Alliance

PA2903202895 Port-au-Prince Radio Metropole in French 1700 GMT 28 Mar 95

[From "The Midday Newscast"]

[FBIS Translated Text] Two political parties have signed an agreement on an electoral and political alliance. They are former President Lesly Manigat's RDNP [Assembly of Progressive National Democrats] and Mr. Marc Gillaume's UPAN [Union of Patriots for National Progress].

According to the document, the two parties have agreed on a reciprocal withdrawal of candidates in the second round to benefit those candidates or parties best positioned after the first round. In some constituencies, the two parties will support common candidates.

Regarding the presidential elections this year, RDNP will present the candidacy of Professor Lesly Manigat. This candidacy is already supported by UPAN, headed by Marc Guillaume.

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Bank Reports $1.115 Billion Drop in International Reserves

PA3003175295 Mexico City NOTIMEX in Spanish 1555 GMT 30 Mar 95

[FBIS Translated Text] Mexico City, 30 Mar (NOTIMEX)—The Bank of Mexico has reported Mexico's international reserves were $7.863 billion on 24 March, a drop of $1.115 billion compared to the figures of the last day of February.

In its weekly report on the main entries of its balance sheet, the Central Bank stated its monetary base (bills and coins in circulation) is 47.755 billion new pesos. The Central Bank stated this figure represents a reduction of 2.035 billion new pesos from the 28 February figures. The banks's net domestic credits decreased by 9.484 billion new pesos.

The bank stated that the reserves include financial support granted to Mexico by the international financial community and that part of these reserves have been used to amortize special Tesobonos [Treasury Bonds] and foreign debts of commercial banks.

The Central Bank stated approximately $1.140 billion were used from 20-24 March to amortize Tesobonos in dollars and bank liabilities in foreign exchange.

The bank stated the factor that compensated for the effect produced by the amortizations was the federal government's sale of foreign currency to the Bank of Mexico.

The bank report concluded by stating: "The mentioned foreign resources the federal government had in its central bank account were resources obtained from the U.S. Government on 14 March."

Commerce Secretary: Exports Offsetting Crisis

PA3103025995 Mexico City LA JORNADA in Spanish 29 Mar 95 p 47

[Report by Patricia Mumoz]

[FBIS Translated Text] The crisis' future negative impact on the number of jobs will be "offset by foreign investment and increased exports," Commerce and Industrial Development Secretary Herminio Blanco has said. He said he hopes that foreign capital will arrive in the country this year and that the productive sector will increase its participation in foreign markets, all of which will serve to counterbalance the reduced domestic demand provoked by the economic depression. The local industry's investment in the past few years and the opening of foreign markets have made the productive sector highly competitive, he said.

Blanco Mendoza spoke during the inauguration of a General Motors of Mexico's Engineering and Parts Dealership Center in Toluca. These installations represent an investment close to $17.5 million and 418 jobs. He said that this investment "is an indication of the foreign businessmen's confidence in Mexico's promising future" because foreign capital "complements" local capital.

For instance, the automotive sector invested approximately $2.2 billion in 1994, of which $1.3 billion were destined for the area of terminals and $900 to automotive parts, which represents an effort at updating this sector, he added. He went on to say that in 1995 the industry intends to increase its exports and that sales abroad have already risen to 41 percent, at least during the first two months. Last year, and for the first time, 51 percent of the country's automotive production was exported and 49 percent was destined for the local market. This represented a growing trend because during the past six-year term the sale of cars in the international market increased by 22 percent annually.

According to the figures presented by Blanco, the exports of automotive parts increased by 14 percent annually during the past six years.

In addition, Gary L. Cowger, president of General Motors of Mexico, pointed out that 1995 will be a very difficult year for the automotive industry but that the determination exists to keep making investments to strengthen the Mexican market's leadership and ability to export its products, not only to the United States, but to Asia, the Middle East, and the rest of America as well.

He said that the firm has important plans and projects for the coming years in various lines and activities, which will represent a contribution to the Mexican economy's growth at this difficult stage.

Government Calls Forum on Development Plan

PA3003222695 Mexico City LA JORNADA in Spanish 28 Mar 95 p 41

["Summons" issued by the Mexican Government in Mexico City on 28 March]

[FBIS Translated Text]

NATIONAL DEVELOPMENT PLAN 1995-2000

Within the new framework of the joint responsibility of the legislative and executive branches, the government, through the Social Development Secretariat, the Honorable Chamber of Deputies' Human Settlements and Public Works and Housing Commissions, the Honorable Senate's Urban and Housing Development Commission, and the National Congress:

SUMMONS

With the participation of the Secretariats of the Environment, Natural Resources, and Fisheries; Commerce and Industrial Development; Education; Communications and Transport; and Agrarian Reform, as well as the National Bank of Public Works and Public Services, S.N.C.,

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TO SOCIETY IN GENERAL

To local deputies, federal deputies, senators, municipal governments, and representatives of state and federal public administrations; to social organizations, nongovernmental organizations, land holders, people living and farming on communal land, and small landowners; to unions, schools for professionals, universities, and institutions of higher education; to individual citizens, the productive sectors and organizations that represent them, financial institutions, and home builders and promoters, to express their ideas and concepts in the

POPULAR CONSULTATION FORUM ON URBAN DEVELOPMENT AND HOUSING

GOAL

Promote participation of the various regional, state, and municipal representative social groups to express their opinions and contribute to the preparation of a national policy for urban development and housing for the National Development Plan 1995-2000.

PROGRAM

1. The Popular Consultation Forum on Urban Development and Housing will take place in three regional meetings on the following dates and places:

South Regional Meeting, which includes the states of Campeche, Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz, and Yucatan, scheduled for 31 March and 1 April 1995 in Ciudad Merida, Yucatan.

North Regional Meeting, which includes the states of Baja California, Baja California Sur, Coahuila, Chihuahua, Durango, Nuevo Leon, Sinaloa, Sonora, and Tamaulipas, scheduled for 7 and 8 April in Monterrey, Nuevo Leon.

Center Regional Meeting, which includes the states of Aguascalientes, Colima, Guanajuato, Jalisco, Mexico, Michoacan, Morelos, Nayarit, Queretaro, San Luis Potosi, Tlaxcala, Hidalgo, Puebla, Zacatecas, and the Federal District, scheduled for 21 and 22 April in Toluca, Mexico State.

2. Topics in each of these regional meetings will be the following:
- — Planning and sustained urban development work.
- — Regional urban development guidance to promote a balance between the land, population, and resources.
- — Land, territorial reserves, land use, infrastructure and equipment, public services, and housing.
- — Municipal operation and population centers for urban and regional development.

PARTICIPATION

Those interested in taking part may present proposals on one of the aforementioned topics, which should be at least three pages long and not more than five, accompanied by a one-page summary. Documents should be sent to the delegation of the Social Development Secretariat where the person resides.

Participants who live in the Federal District, or those who chose so, may address their proposal to:

Commission of Human Settlements and Public Works of the Honorable Chamber of Deputies, telephone numbers 628-1444, 628-1300, and 795-5188, extensions 7375 and 7356; Housing Commission of the Honorable Chamber of Deputies, telephone number 628-1481, extension 3254 and 3255; Urban Development and Housing Commission of the Honorable Senate, telephone numbers 535-0840, 535-1413, extension 3059; the Social Development Secretariat's General Urban Development Directorate, telephone 271-1836.

The proposals presented at the regional meetings will appear in a future publication.

[Issued] Mexico City, Federal District, 28 March 1995

Opposition Senators, Deputies on National Development Plan

PA3103023195 Mexico City EL FINANCIERO in Spanish 28 Mar 95 p 29

[Report by Victor Chavez, Salvador Rico, and Victor Gonzalez]

[FBIS Translated Text] Lest it becomes, as it has in previous governments, a "made-up" and "manipulated" consultation to draft the National Development Plan (Planade) and lest the idea turns out to be just "good intentions," the opposition parties represented at the congress have agreed to accept President Ernesto Zedillo's proposal on one condition: Article 26 of the Constitution should be amended so that it will be the legislative branch that debates, modifies, and approves this Planade.

National Action Party [PAN] representatives in the Senate and Party of the Democratic Revolution [PRD] deputies in the Chamber of Deputies have announced that they will immediately present their constitutional amendment proposals, of which PAN already has a draft.

According to the Institutional Revolutionary Party [PRI], however, "there is no time for the legislative to debate Planade. It will have to be done in the future," Jose Natividad Gonzalez of the Chamber of Deputies' Grand Commission, said. "This is just the first step in ending the decisionmaking in the solitude of Los Pinos because Planade has already been drafted," Gonzalez, who participated in the drafting of the National Planning Law, said.

Dionisio Perez Jacome, also of the PRI and president of the Government and Constitution Points Commission, said: "It is not enough to have good intentions. We have

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little time left. In addition, we would only be discussing subjects already debated in forums and which now can be put down in writing."

In agreement with Perez Jacome, deputy Jaime del Rio, secretary of the Programming and Budget Commission, said that the country's present circumstances compel a "true national consultation" with the various sectors to create a plan, not only of good intentions but of feasible programs as well, to overcome the crisis and return to the path of development and thus see the national project that all Mexicans desire fulfilled.

So the various social and political forces can effectively participate in the drafting of Planade, PAN will propose a constitutional reform so the document can be debated—and modified or expanded, if necessary—by the congress.

If the government truly wants the legislative to be jointly responsible for the great national decisions, the government should agree with a reform in this direction, Senator Luis Felipe Bravo Mena said. As part of the proposed joint responsibility between government branches, the executive should share with the legislative the authority to draft Planade, Bravo said.

The congress' direct participation could take place in addition to the popular consultation forums that President Zedillo called for last Sunday, Bravo said. He added that Article 26 mentions popular consultation for planning but leaves the responsibility of drafting Planade to the executive without the legislative's participation.

Just as Article 26 portrays the need for consultation on society's opinion, it empowers the executive regarding Planade. Regarding the executive's powers, the article states: "The law will empower the executive to establish popular participation and consultation procedures and the criteria to formulate, instrumentalize, control, and assess the plan and development programs."

In addition, at the lower chamber, Jesus Ortega Martinez, coordinator of the PRD parliamentarian faction, said that if Zedillo truly wants Planade to emerge from a democratic process, Article 216 of the Constitution should be amended so the Chamber of Deputies can be the body in charge of approving the plan. "To this effect, we will present the amendment proposal tomorrow," he said. Otherwise, there is risk of the plan being just "a screen" and the document being the result of an authoritarian and unilateral decision, he pointed out.

Deputies, Concanaco Leader Cited on Implementation of UDI's

PA3003201595 Mexico City XEW Television Network in Spanish 0430 GMT 30 Mar 95

[From the "24 Hours" newscast—passages within quotation marks recorded]

[FBIS Translated Text] UDI's [Investment Units], which are designed to protect Mexican investors and savings depositors, go into effect on 1 April.

On Wednesday, the Senate unanimously approved, wholly and in detail, a decree that creates and regulates the new accounting units called UDI's. The decree expands and amends 13 articles of Mexico's Fiscal Code and Income Tax Law. UDI's, the new financial instruments that will serve to ameliorate the uncertainty caused by the current economic crisis, will make it possible to offer real interest rates in various types of transactions and prevent monetary asset losses resulting from inflation. The value of these nonmonetary accounting units will be calculated in national currency daily by the Bank of Mexico [Banxico]. Their exchange rate will be daily reported in the GACETA OFICIAL. PAN Senator Arturo Nava Bolanos said UDI's are useful instruments in this time of crisis.

[Nava Bolanos] "Finally, we would like to make a small recommendation to President Zedillo's economic team. Gentlemen, do not push your economic program at the expense of social peace."

Party of the Democratic Revolution [PRD] Senator Ernesto Navarro outlined his party's position by saying UDI's will be useful to reduce uncertainty in financial operations.

[Navarro] "The fact that we have endorsed the decree does not imply whatsoever that we fully endorse the government's economic policy."

Finally, PRI [Institutional Revolutionary Party] Senator Francisco Davila Rodriguez said this:

[Davila] "We know UDI's are not a panacea or represent automatic salvation. Nevertheless, they are a useful instrument to attain stability and economic recovery."

In all, 108 votes were cast in favor of the decree, which will become effective when it is published in the GACETA.

Meanwhile, Banxico Deputy Governor Guillermo Huemes, after meeting with members of the Mexican Institute of Finance Executives, said UDI's are not a panacea and fail to resolve all of the financial problems Mexico faces.

[Huemes] "UDI's, by themselves, will be unable to resolve all of the problems faced by enterprises. It is worthwhile mentioning, however, that these instruments—and Sicorca [expansion unknown], which some of you might remember—could help resolve one of the most urgent problems caused by inflation, the financial problem. Savings account holders are assured of interest from their deposits, thereby preserving their purchasing power. Debtors avoid having to pay high interest rates caused by the accelerated amortization of loans. Debtors are assured of cash flow in financial operations similar to the one they would enjoy without inflation."

Huemes said UDI's will make it possible for banks to keep their clients' deposits for a longer time and increase the chances of recovering their overdue loan portfolios.

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[Huemes] "In general, UDI's alleviate one of the most serious problems caused by inflation, uncertain cash flow."

He announced that the UDI regulations are ready, that they will be flexible, that the use of UDI's will be voluntary, and that the face value of UDI's will be unlimited. A secondary UDI market will be established. He also said UDI's will not contribute to inflation. Quite the opposite, he said, UDI's will help reduce the effects of inflation.

German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce [Concanaco], said at a news conference that, despite the application of UDI's to rescue debtor enterprises, 10,000 agricultural, commercial, and industrial enterprises will vanish because they are unable to repay their loans.

[Gonzalez] "We believe that UDI's will resolve the financial problem by helping recover approximately 80 percent of the overdue loan portfolio. Although this is a sizable amount, approximately 20 percent of the enterprises will never be able to meet their obligations."

He said the success of UDI's will depend on their prompt and correct application. Gonzalez added that, in view of Mexico's economic emergency, the government of President Zedillo should tell the truth about the economy's progress or setbacks.

[Gonzalez] "We demand to be told the truth clearly. We demand accurate and timely information."

Concanaco opposed the creation of an multisector commission comprising workers, peasants, and entrepreneurs, which could be informed every month about the federal government's emergency economic program. Gonzalez said taxes should be lowered as public spending is gradually reduced. Here is his proposal:

[Gonzalez] "We propose an emergency program to normalize taxes, the IMSS [Mexican Social Security System], Infonavit [Institute of the National Fund for Workers Housing], and the SAR [Retirement Savings System] and to permit monthly installments with no surcharges or interest according to the enterprises' true payment capabilities."

He also said it is imperative to lower taxes on assets to zero and also to gradually lower income taxes to zero to stimulate reinvestment. Finally, he said, in view of the business sector's lack of resources, the establishment of fiscal checking machines in businesses, originally slated for 1995, should be postponed.

Importers, Exporters Association Head on Competitiveness

PA3003180595 Mexico City EL FINANCIERO in Spanish 27 Mar 95 p 24

[Report by Jose Luis Gaona]

[FBIS Translated Text] Juan Autrique, president of the ANIERM [National Association of Mexican Importers and Exporters], has denied the key to the competitiveness of Mexican exports is based on the devalued Mexican currency. He has also said this competitiveness will be lost in a few months due to inflation and high interest rates.

Autrique added: It is not true that sales abroad will increase by 30 percent, as the authorities are saying. At best, exports in 1995 will reach a 15 percent average.

He has estimated that Mexico's commercial surplus will be $12 billion this year but that it will be "artificial" because of the restrictions imposed by internal demand and economic uncertainty. This will be the prevailing situation in the next few years.

According to the Economists and Associates Group [GEA], the commercial balance will have a surplus of $13.2 billion this year, because imports will be $57.3 million and exports will be $70.5 million. GEA believes consumption imports will reach $6.9 billion, intermediate imports will be $40.8 billion, and capital imports will be $9.6 billion.

Autrique has said the government of President Ernesto Perez Balladares will have to give fiscal stimuli to new enterprises if it wants exports to stimulate the economic reactivation. There is no other way, he has said, but the government has not said yet how the export boom will take place within a framework of devalued currency.

Because of the current foreign trade structure, very few enterprises earmark 75 percent of their production for export, and few small- and medium-size enterprises will hardly participate in this activity, he has said. Consequently, it is not commerce that will push the country's economy, but the government will have to encourage local demand in order for the economy to grow again. For this, official policy must be aimed at stimulating consumption, which will be possible only by paying workers higher salaries and subsidizing the industry.

In the automotive sector, one mechanism could be reducing the ISAN [tax on new automobiles], which could encourage demand, and the government could obtain resources through the increased sales of new cars.

The federal government could free up productive system resources by eliminating certain burdens weighing down the enterprises, such as the payment of INFONAVIT [Institute of the National Fund for Workers' Housing], SAR [Retirement Savings System], and the 2 percent tax on assets, etc. "A new way would be sought to make these services available to workers. This would be an arrangement between employers and labor unions as they see fit," he has said.

Autrique believes it is President Zedillo's duty to preserve productive jobs and at the same time to streamline bureaucracy. Autrique proposes to eliminate the Sedesol [Social Development Secretariat] in addition to the four agencies already mentioned.

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To make public expenses more efficient, Autrique proposes to thoroughly revise each of the official agencies and to eliminate the unnecessary ones or those duplicating functions. This would be an act of consistency with the crisis on the part of each secretary of state.

Regarding the industrial sector, he has said Mexico will have to adopt the methods whereby the ROK, Singapore, and Hong Kong have forged ahead: fiscal assistance, which is different from subsidies. "For instance, the government should give enterprises permission to use accelerated depreciation and to give awards to productive 'reinvestment.' New enterprises could be given a period of grace on tax payment," he has said. He has also said new exporting enterprises could be exempted from paying certain taxes as soon as they reach a certain level of sales regarding production.

He added the government should refuse to apply a support system within the program that supports industry. All countries with a certain exporting impact started out like that, he has said. We are not inventing anything new in international trade. We just have to turn our heads and see what others are doing.

He added: If we, as a country, want to have an exporting platform with the participation of a large volume of companies, the government and private sector should draft a long-term program of well planned assistance.

We should seek new opportunities and more products where we can enjoy better competitiveness. With the present structure, our exports will reach about 15 percent, but our economy will never be oriented to the international market, he concluded.

Savings Protection Fund, Capitalization Program Viewed

PA3003145295 Mexico City EL FINANCIERO in Spanish 27 Mar 95 p 8

[Report by Georgina Howard]

[FBIS Translated Text] Mexican banks are clearly facing the latent threat of a return to government control. Thus, the Savings Protection Banking Fund (Fobaproa), which belongs to the Bank of Mexico, has become, in light of events, a key tool for the survival of many credit institutions facing debt and liquidity problems.

With a new branch called Procapte [Temporary Capitalization Program], Fobaproa could also solve the banks' "temporary" capitalization problems without directly linking this program to illegal operations, such as those found in the Cremi Union and Banpais, that have required the fund to come to the rescue.

According to an investigation carried out by EL FINANCIERO among members of the Mexican Association of Bankers [ABM], Fobaproa could become the main shareholder of many banks, a point which would mean, according to the ABM, the banking system would again become state owned due to the lack of funds banks are experiencing.

The total amount of funds available to Fobaproa, information which is "not available to the public," according to Bank of Mexico officials, will be used either to cancel institutions' liabilities in foreign funds or to capitalize banks through Procapte. Official sources have confirmed to this newspaper that Fobaproa has already received contributions from newly authorized local and foreign institutions amounting to 8 million new pesos in addition to the $4 billion injection of funds by the IDB [Inter-American Development Bank] and World Bank to recapitalize it. According to certain bankers, Fobaproa has received 170 million new pesos, due to the 19 national banks that began operating recently, plus an additional 144 million pesos it must collect from the 18 foreign branches the Finance and Public Credit Secretariat has already authorized.

It must be noted that this contribution was the result of the comparison between the minimum fixed capital of these institutions with other banks in order to define their market penetration factor; therefore, these national and foreign credit societies will each initially contribute 8 million new pesos during the first three years of operation.

Payments to Fobaproa could increase or decrease once the period ends, in accordance with liabilities vis-a-vis the collection level of these credit organizations.

According to sources who were consulted, this fund will receive more than 300 million new pesos from bank contributions, for payments to Fobaproa alone, without taking into account other funds that will be injected into Fobaproa.

The bankers themselves believe the creation of Procapte projects a different image abroad, because institutions requiring capital can gain access to the program "without harming their image."

Fobaproa, a high-ranking ABM official has said, "will be the lifesaver of the Mexican banking system, but many institutions that do not know how to swim could stay at the bottom of the pool." This statement means not all institutions "will come out well," a high-ranking Bancrecer officer has said. There will be certain banks that will "return to government hands or become Fobaproa banks" because they will not be able to recover the share package given as a guarantee.

Today, as opposed to the outlook we had a year ago, "we are boxed in on several fronts," a prestigious banker has said. Mexican banks will have to cancel the $4 billion loan by the IMF and World Bank awarded to recapitalize Fobaproa as well as to keep Procapte from diluting shareholder participation in the banks.

In his opinion, the amount of government participation through Fobaproa by the Temporary Capitalization Program will depend on the amount of capital a bank needs

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and its ability to recover during the established five-year term and on the share package it will give as a guarantee for issuing subordinated convertible shares the government will take in exchange for an injection of capital.

Despite the fact that Procapte seeks to strengthen banks, the ABM insists this point diminishes the participation of private shareholders and makes Fobaproa the principal shareholder, given this program is part of the fund, which, in turn, depends on the Bank of Mexico.

The banks' initial rejection of this scheme, the ABM warns, is that this will "undoubtedly" return to the government partial ownership of banks utilizing the program.

Even though bank privatizations took place in 1992, the government handles 21 percent of Bancomer shares without the right to vote. This new scheme will allow the government to increase its participation in all institutions that need Procapte.

Nevertheless, there will be many institutions that will have no other option and will be forced to use the Temporary Capitalization Program, despite the risk this entails to the shareholders' future.

Agricultural Exports Register 77 Percent Increase

PA3103014995 Mexico City EL FINANCIERO in Spanish 27 Mar 95 p 28

[Report by Arturo Gomez Salgado]

[FBIS Translated Text] At the end of the first two months of this year, agricultural exports registered a 77.3 percent growth ($636 million), the highest level ever reached in the country's history.

According to reports from the Secretariat of Commerce and Industrial Development (Secofi) during the first two months of the year, imports of consumer goods dropped 20.3 percent, mainly in the areas of food, textiles, automobiles, and electrical appliances. Simultaneously, exports of manufactured goods increased 39.3 percent.

The report noted that the trade balance in 1994 registered an average monthly deficit of $1.454 billion, which was reduced to $530 million in January and registered a surplus of $452 million in February.

According to Secofi, those figures resulted from the combination of two factors:

First, exports increased 31 percent during the first two months, which almost doubled the 17 percent registered in 1994. Second, imports that last year registered a 21-percent growth dropped 1.6 percent in January-February 1995.

As for the behavior of imports, Secofi reported that products of average consumption increased 5.7 percent, representing 77 percent of total imports.

The report stressed that two thirds of component parts purchased abroad by the Mexican economy during the first two months of the year are directly associated with the export process, both in Pitex [expansion not given] programs and maquiladoras [assembly plants], which have grown 26 percent.

Government Responds to EZLN Communique on Talks

PA3003175395 Mexico City XEW Television Network in Spanish 0430 GMT 30 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] This evening, the Government Secretariat issued a communique, the text of which I will read. It states:

The Government Secretariat learned today, through the media, of a Zapatist National Liberation Army [EZLN] communique dated 24 March stating it has received the federal government's proposal to establish the basis for a dialogue and negotiations for the Harmony and Peace Agreement. The EZLN communique states it is responding to this proposal through the National Mediation Commission [Conai].

The secretariat is waiting with interest for this response and reiterates it is necessary to initiate the dialogue in the terms and within the deadlines established by the Law for a Dialogue, Conciliation, and a Dignified Peace in Chiapas. The secretariat will express its opinion on the EZLN communique once it analyzes the entire document.

Regarding the agenda and site proposals listed by the EZLN in its communique, the Government Secretariat recalled that Article 5 of the Law for a Dialogue, Conciliation, and a Dignified Peace in Chiapas states the agenda must be agreed on and establishes that the Harmony and Peace Commission will propose, on a consensus basis, the specific manner in which the negotiations must take place, with the agreement of the parties involved.

The bulletin adds: Because the communique includes proposals that can be resolved and others that are not viable, the Government Secretariat proposes to the EZLN to speed up consultations through Conai so as to agree on the agenda, a definite basis for the dialogue, and a calendar to initiate the dialogue and negotiations on the Harmony and Peace Agreement in Chiapas and to analyze negotiations on site proposals in Chiapas State that the Harmony and Peace Commission has already presented to the two sides through Conai.

This has been the press communique issued by the Government Secretariat. The EZLN had proposed the first direct dialogue take place in the federal district.

Officials View EZLN Proposal on Resuming Dialogue

PA3003195495 Mexico City Radio ACIR Network in Spanish 0000 GMT 30 Mar 95

[Report by Juan Carlos Santoyo from the "Evening News Panorama" newscast—passages within quotation marks recorded]

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[FBIS Translated Text] Senators and deputies have received with satisfaction the Zapatist National Liberation Army's [EZLN] response proposing four locations for resuming the dialogue with the government. They have said they hope this meeting is held as soon as possible.

According to Humberto Roque Villanueva, PRI [Institutional Revolutionary Party] bloc coordinator, the EZLN letter is yet another response so both parties can place dialogue over the possibility of an armed confrontation:

[Villanueva] "[Words indistinct] I associate the question with the places. I really did not know about this point. If you ask me about the dialogue in general, we absolutely favor the resumption of dialogue, but the terms and circumstances of the dialogue must be established first.

"The legislative branch has always supported, as it has legislated, the establishment of conditions for a dialogue."

Ricardo Garcia Cervantes, PAN [National Action Party] bloc coordinator, has said the possibility the EZLN and the government may hold the dialogue in the capital of the country is a fundamental step for attaining peace in that state:

[Garcia Cervantes] "I believe it is positive that the dialogue will formally begin.

[Unidentified reporter] "This is, in itself, a fundamental step forward....

[Garcia Cervantes, interrupting] "The dialogue is the means to resolve that conflict, and it is good everyone sees it that way. I also agree with the locations."

Regarding the four locations the EZLN has proposed, Garcia Cervantes has said they are positive but must be analyzed first.

Meanwhile, Jesus Ortega, PRD [Party of the Democratic Revolution] bloc coordinator, has said the letter by the Chiapas rebel group is a step forward in realizing that the search for peace in that state should come from dialogue. Regarding the sites proposed for the holding of talks, he has refused to comment:

[Ortega] "I believe the EZLN announcement is very positive. It will substantially contribute not only to hold meetings but to consolidate a stable truce and definitive peace. I believe the efforts of the people who view dialogue as the road for peace are yielding results; this is very positive and revealing."

Senator Oscar Lopez Velarde, who was at the Chamber of Deputies at the San Lazaro Legislative Palace, breathed a sigh of relief and smiled when he was told the EZLN had proposed locations to hold the dialogue. He has said: This direct dialogue will serve; this has demonstrated our work has not been in vain:

[Lopez Velarde] "The most important thing is that we view with optimism that the EZLN has issued a response to take advantage of the law promulgated by Congress less than a month ago. Those of us fighting for peace see the possibility of a political solution within the framework of legality.

"I believe it is very important to understand here that the parties, the federal government and the EZLN, will be the ones who will decide where the peace talks will be held."

Lopez Velarde has said the most important thing at this time is to define where those places will be. For the deputies, the fact the dialogue for peace in Chiapas is close, whether in Mexico City or elsewhere, is fundamentally satisfactory, because, they have said, the most important thing is to place dialogue over confrontation.

After a meeting of the Concord and Pacification Commission, they will hold a meeting with the government secretary....

[Unidentified announcer, interrupting] Will this take place tonight?

[Santoyo] That is correct. This meeting is expected to begin around 1900 or 1930. From this meeting will come a proposal, if any, by the government to establish a negotiation site. The important thing is, lawmakers have stressed, that a response has been given, and progress could be made soon.

U.S. Border Patrol Reportedly Violates Migrant Rights

PA3103015095 Mexico City NOTIMEX in Spanish 2139 GMT 29 Mar 95

[FBIS Translated Text] Mexico City, 29 Mar (NOTIMEX)—It was disclosed today that the violation of the human rights of illegal immigrants who cross the Mexico-U.S. border has increased thus far this year due to the impunity with which border patrol agents operate.

Jorge Bustamante, director of the Northern Border Association [Colegio de la Frontera Norte], explained that with the intensification of anti-immigrant operations and Proposition 187—which has been suspended—"the border patrol has adopted a very aggressive and daring attitude."

Proposition 187, which prohibits such services as education and health for illegal immigrants, was approved in November by California voters; nevertheless, its implementation had to be suspended by a federal court.

To stem the flow of migrants, the authorities in states bordering Mexico have implemented Operation Guardian in San Diego, Operation Blockade in El Paso, and Operation Safeguard in Nogales, thereby increasing the number of border patrol agents.

Bustamante said that thus far in 1995, physical and verbal attacks against illegal immigrants have been reported, some of which have been turned over to the National Commission for Human Rights (CNDH).

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He said that, although violations have increased, the number of Mexican and Central American illegal immigrants killed by the border patrol has decreased over the past two years, but he did not provide any figures.

The director pointed out that contrary to general belief, the intensification of Mexico's economic crisis will decrease the flow of migrants to the United States by 10 percent.

He said that this decrease will be due to the increased costs of getting to the border area.

The problem now is the amount of money an illegal immigrant must spend from the moment he leaves his home until he receives his first paycheck in the United States, which has increased 100 percent due to the Mexican peso's devaluation in December, Bustamante added.

As an example, he explained that an illegal immigrant from Mexico's western Michoacan State who traveled to California before the devaluation spent $470; the cost now would be $940.

Due to the unemployment crisis in the United States, the authorities have stepped up operations against illegal immigrants and tripled the number of border agents. These measures will cause illegal immigration to decrease by 10 percent.

Bustamante said that this phenomenon also took place during the 1982-1983 devaluation, at which time "we noticed that devaluation goes hand-in-hand with inflation, which raises the cost of illegally entering the United States."

Meanwhile, the director of the Northern Border Association pointed out that over the past four years there has been a decrease in the number of extorsions perpetrated against illegal immigrants by the Tijuana Municipal Police.

He said that last year it was reported that only 5 percent of the 900,000 illegal immigrants—which on the average cross the border yearly—had been extorted, in comparison to 70 percent in 1989.

Bustamante explained that this decrease began after the Government Secretariat created the Beta Group, formed by municipal, state, and federal policemen.

He said that Beta has worked honestly for five years, but that has not been the case on the rest of the U.S. border, especially in northeastern Tamaulipas State, due to which it is necessary to expand the group to the entire border area.

According to weekly polls conducted by the Northern Border Association, municipal agents extort $30 from each illegal immigrant detected beyond the Beta group's scope of influence, Bustamante said.

Ruiz Massieu's Wealth Said Linked to Drug Trafficking

PA3103010195 Mexico City Radio ACIR Network in Spanish 0000 GMT 28 Mar 95

[Report by Jesus Casasola; from the "Evening News Panorama" newscast]

[FBIS Translated Text] According to reports leaked by the Attorney General's Office (PGR), there is evidence that the fortune of former deputy attorney general Mario Ruiz Massieu that was detected in several U.S. bank accounts apparently comes from drug trafficking. Here is Jesus Casasola with a report:

[Casasola] Good afternoon. As the investigations on the source of the large fortune of Mario Ruiz Massieu moves along and new real estate holdings, companies, and money are being uncovered, the federal Attorney General's Office is gradually confirming the report that this fortune is probably the result of drug trafficking and money laundering. The efforts being undertaken by the Federal Judicial Police [PJF] to locate (Jorge Estergio Gomez), Ruiz Massieu's right-hand man and inspector general of the PGR, have proven fruitless, and he has presumably left the country. According to the authorities responsible for the investigation, everything seems to indicate that the wealth accumulated by Mario Ruiz Massieu over the past two years comes from illegal activities, probably drug trafficking.

Thus far, neither of the two organizations has been able to find documents that confirm what Ruiz Massieu did with at least 2.5 million new pesos earmarked to conduct various operations throughout the country, but which were presumably used for his personal benefit. Mario Ruiz Massieu is currently imprisoned in a U.S. jail. Should he be extradited to Mexico, Ruiz Massieu will have to face many accusations that range from intimidation and concealment hindering the administration of justice and illegal enrichment to crimes against the public health.

As it is known, Attorney General Antonio Lozano Gracia is currently visiting Washington. Apparently, he will meet with key U.S. judicial authorities to promote Ruiz Massieu's prompt extradition to Mexico. (Estergio Gomez), for whom an arrest warrant may already have been issued, has not yet been located by police authorities. It was learned at the installations of the PGR that the authorities have already requested the support of Interpol, as well as that of U.S. authorities, to determine whether Gomez has left the country.

It is worth mentioning that according to results of the investigations, (Estergio Gomez) is believed to be Ruiz Massieu's right-hand man. Since Ruiz Massieu went as far as to deposit money under (Estergio Gomez') name in U.S. bank accounts, it is believed (Estergio Gomez) knows perfectly well the source of Ruiz Massieu's wealth and that he was Ruiz Massieu's partner.

The PJF has intensified the search for (Estergio Gomez) inside the country because, as we know, he is the key to determining the presumed links between Mario Ruiz Massieu and drug traffickers. The links are based on the investigations and the disclosure of his immense fortune, which was also deposited in U.S. bank accounts.

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Costa Rica

Import Taxes Increased To Quell Fiscal Crisis

PA3003234595 Paris AFP in Spanish 2043 GMT 29 Mar 95

[FBIS Translated Text] San Jose, Mar 29 (AFP)—Costa Rican Economy Minister Marco Vargas said this Wednesday [29 March] that the Central American governments understood Costa Rica's decision to increase import taxes eight points effective Wednesday. The hike is one of the government's emergency measures to mitigate the severe fiscal crisis in the country.

Upon returning from a flash tour to the other Central American countries, Vargas asserted that the economic authorities in the region "had clearly understood" that the new Costa Rican custom policy was a temporary emergency measure.

Costa Rica is "not changing its economic policy in regards to Central America," explained the Costa Rican official, who was sent by his government to talk with the ministers and deputy ministers of Guatemala, Honduras, El Salvador, and Nicaragua.

The measure, which was announced by the government on Monday night, suspended the duty elimination process the country had been implementing since the mid-1980's and set Costa Rican duties apart from those applied by the other Central American countries.

With the eight-point increase, the minimum duty on raw material will increase from 5 to 13 percent, while the ceiling for finished goods will go from 20 to 28 percent.

While Costa Rica increases its import taxes, El Salvador is promoting an aggressive program to eliminate duties, which it expects to implement next April. The Salvadoran proposal has been supported by Guatemala.

The Costa Rican Government decided to increase import taxes until the Congress approves a controversial tax bill that includes a 1-percent tax on company assets and a 10- to 15-percent increase in sales tax.

The government believes approval of the tax package is crucial to reducing the fiscal deficit, which was 8.3 percent of GNP in 1994—the highest in the past decade— to 3.5 percent this year, as the IMF requires.

The fiscal deficit reduction is one of Costa Rica's commitments to the IMF. The reduction will allow a contingency agreement to be signed that will disburse $80 million in credit.

The Costa Rican businessmen have estimated that the increase of import duties will cause "enormous damage" to the productive sector in the country and will not resolve the suffocating deficit problem.

According to a communique issued by the Costa Rican Union of Private Enterprise Chambers and Associations (UCCAEP), "the policy puts businessmen at a serious disadvantage. Businessmen face a measure that will revert the economic opening process, threatening to contract the increase in production."

The measure implies that prices of imported products or those made with raw material from abroad will increase.

El Salvador

ERP Separates From FMLN, Creates Democratic Party

PA3003235295 San Salvador LA PRENSA GRAFICA in Spanish 27 Mar 95 p 7a

[FBIS Translated Text] The People's Revitalizing Expression (ERP) formally ended its ties with the FMLN [Farabundo Marti National Liberation Front] yesterday and announced the creation of the center-left Democratic Party (PD).

Approximately 3,000 activists participated in the event, which was held at the international fairgrounds. The ERP was originally founded on 2 March 1972 under the name of the People's Liberation Army. According to an announcement made during the event, the new political group will be formally established as a political party on 28 March so it can register with the Supreme Electoral Tribunal (TSE).

ERP leader Joaquin Villalobos took advantage of the occasion to attack the radical position of his former FMLN colleagues.

"We are betting on the future. The country is not in the best situation, but if we cling to the past, El Salvador will never change," he said, referring to the end of the armed conflict.

"The history of guerrilla fighters was to risk everything, without aiming to win everything," Villalobos stressed, stating that the signing of the peace agreement represents "a new moment where openness and credibility are much more important."

During the event, a former fighter placed the ERP's red flag inside a chest to be taken to the Revolutionary Museum in Perquin (Morazan), a guerrilla bastion during the war.

Former guerrilla Commander Guadalupe Martinez, currently a National Assembly vice president, shed tears when she recalled the more than 2,000 ERP fighters killed during the conflict. One by one, the ERP leaders took the podium to salute the grassroots movements. Contrary to the conclusion of the peace talks that led to the end of the war, this time there were no parades or revolutionary slogans, and background music was provided by a mariachi band.

ERP leader Juan Ramon Medrano stated that the new party will struggle using peaceful, electoral, and organized means, all within the law. Medrano pointed out

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that "this is a legitimate proposal as part of the new setting" and added that no armed or unarmed violence is acceptable at this time.

He announced that the new political party will also include former guerrilla groups such as the National Resistance (RN), National Revolutionary Movement (MRN), and dissident members of other parties. It was also announced that on 28 March the new party would be unveiling its letter of principles, statutes, anthem, and emblem and would proceed to elect a provisional board of directors to begin registering members.

Guatemala

De Leon Returns From Summit Amid Plot Rumors

PA3003175195 Paris AFP in Spanish 1708 GMT 30 Mar 95

[FBIS Translated Text] Guatemala City, 30 Mar (AFP)—Guatemalan President Ramiro De Leon Carpio unexpectedly returned from San Salvador this morning, amid rumors of a plot reportedly being hatched against him in the Guatemalan capital, according to a government source.

De Leon immediately went to the Presidential House, in the center of this capital, where he held a "secret" meeting with Congress President General Efrain Rios Montt. This meeting increased rumors in the media about the plot.

The source, which has asked to remain anonymous, has told AFP that De Leon Carpio and Rios Montt immediately visited the Constitutionality Court, although the source did not comment on the possibility of a plot against the president.

According to the rumor, which circulated among media circles, the president was "alerted" by Rios Montt about the plot while he was participating in the Central American summit, which will conclude on Friday [31 March].

Denies Leaving Summit Because of Rumors

PA3003193995 Paris AFP in Spanish 1800 GMT 30 Mar 95

[FBIS Translated Text] Guatemala City, 30 Mar (AFP)—Guatemalan President Ramiro De Leon Carpio today denied he left the Central American Summit in San Salvador because a plot was being hatched against him in the Guatemalan capital.

The president, who left El Salvador unexpectedly this morning, said he returned to his country "to file an appeal in favor of the fiscal reform" that the business sector challenged more than one month ago.

De Leon appeared at the Constitutionality Court (CC) to present the legal action along with Congress President General Efrain Rios Montt, with whom he had met earlier.

"Everything is calm in the Army," the president said, rejecting rumors of the alleged plot. He also said he will return to San Salvador "later" to continue participating in the 16th Central American Summit.

A government source, who has asked to remain unidentified, told AFP that Rios Montt will make known "news of national and international importance" at the CC. This was also announced by the Presidency press office.

A local radio station had aired the report of a "plot by military men and businessmen" but did not provide any source for the information.

De Leon Carpio, who arrived surrounded by many security agents, downplayed the rumors of the plot, saying he "took advantage of a three-hour recess" in the Central American Presidential Summit to file the action in the Guatemalan capital.

Nevertheless, legislative sources have said via telephone the meeting with the president and the presentation of the appeal at the CC were not on Rios Montt's agenda this week.

Calm is evident in the center of the capital and near the National Palace, and no abnormal troop movement has been observed in the city.

[Guatemala City Cadena de Emisoras Unidas in Spanish at 1746 GMT on 30 March has stated in a 90-second report that "President Ramiro De Leon Carpio has explained his departure from the Salvadoran summit was in no way abnormal, saying there were certain topics he did not consider of great interest so he returned to the country. He has said he might be returning to El Salvador this afternoon."]

Explains Unexpected Return

PA3003233895 Guatemala City Teleonce Television in Spanish 1900 GMT 30 Mar 95

[Report on interview with President Ramiro De Leon Carpio by unidentified reporters on 30 March; place not given; from the "Telepress" newscast—recorded]

[FBIS Translated Text] President Ramiro De Leon Carpio and Congress President Efrain Rios Montt today went to the Constitutionality Court [CC] together. This joint appearance by the presidents of two state bodies inevitably attracted the attention of the media because it is an unusual event. Rios arrived at the CC building, located on 11th Avenue [words indistinct] in Zone 1, five minutes earlier than President De Leon. The reporters who [words indistinct] interviewed President De Leon, who explained that he and Rios had decided to submit a joint [word indistinct] to CC President Gabriel Larios Ochaita.

[Begin recording] [Reporter] Why did you leave the presidential summit?

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[De Leon] We were supposed to visit an archaeological site today, and I took advantage of this to carry out a state responsibility, which I will carry out along with the congress president, whom I will meet shortly. I, as president of the Republic, and he, as congress president, will submit a memorandum at the CC. I represent national unity, and he is the president of an institution that represents the people. In order to strengthen the legal system, we are resorting to the CC on behalf of the Guatemalan people to submit a memorandum to the honorable CC in a new fashion. In the past, we had other methods to do this: we spoke over the telephone, and [words indistinct] last century. Now, we are doing it as the legal regime mandates while resorting to our legal arguments, making people understand that if the CC conditionally protects or respects the temporary suspension of defining income tax guidelines, the entire population would be adversely affected. In this particular case, social interests must prevail over personal interests.

A petition supposedly coming from one individual was filed here on behalf of only his interests or those of a group. We came here to validate the interests of an entire nation, its society, and its social principles.

[Reporter] Is this the only reason why you came back?

[Second reporter] But [words indistinct] the summit?

[De Leon] No, not at all. I took advantage of this situation, because there was some spare time prior to the signing of the document. I will return at noon today. In addition, upon my arrival tomorrow, I will give you important information on something I achieved yesterday regarding [words indistinct]

[Reporter] [words indistinct] fiscal reforms?

[De Leon] Pardon me?

[Reporter] [words indistinct] the Executive Branch [words indistinct] fiscal reforms?

[De Leon] No, the Executive Branch is not proposing any reforms. The executive branch will ask the Congressional Public Finances Commission, the first public finances minister [post as heard], and her technical team to meet, as they have on previous occasions, to evaluate and revise which guidelines—we are aware there are no unconstitutional guidelines—could be amended for a better interpretation. This evaluation will be done, but the legislative branch is the one that will do it.

[Reporter] Mr. President, do you believe the CC will declare these reforms unconstitutional?

[De Leon] No, no. That is an action all lawyers always take. In this case, we are doing it personally. [words indistinct] because if a suspension of these challenged guidelines is decreed, the country will be adversely affected. So we came here to make the CC understand this position.

[Reporter] [Words indistinct] to pressure the court?

[De Leon] No, definitely not. Quite the contrary, [words indistinct] we live in a legal system and in a state of law. [words indistinct] It is definitely not like that. I believe and I hope the media reports it as a step forward, an advancement of our democratic system. [Words indistinct] a document that they gave me. [words indistinct] the document is of a technical, legal, political nature. I believe it has to be highlighted that the president [words indistinct] went to the highest court of constitutional justice to verbally explain the contents of the document.

[Reporter] [Words indistinct]

[De Leon] Did I not tell you that I took advantage of the three hours that had been assigned to visiting an archaeological site [words indistinct]. And, I, since I am a man of work, said: While they tour the site, I will go to Guatemala [words indistinct]

[Reporter] [Words indistinct]

[De Leon] No. No. Not at all. The Executive and Legislative Branches have a clear situation. The Executive and Legislative Branches have the responsibility of [words indistinct]. I, as president, [words indistinct] and the Legislative Branch approved them. They are now laws and are in effect. What we—the two bodies that are responsible for those laws—are doing is defending them because they are not unconstitutional and are not illegal. Now, [words indistinct] as I have told you, our public finances have already received [words indistinct] from the government team [words indistinct] the finance committee in the congress and set norms that could be considered unconstitutional. [words indistinct] However, there is no confrontation. What we do have is differences with the business sector. We do not agree with them but there is no confrontation and, [word indistinct] willing, [words indistinct].

[Reporter] [words indistinct] coup attempt. Is this true?

[De Leon] No, it is totally false. [words indistinct] I would not be peacefully leaving for San Salvador [words indistinct] [chuckles] the advances that are occurring. Furthermore, [words indistinct] [end recording]

Panama

Minister on Announcement of Transfer of Southern Command

PA3003175595 Panama City ACAN in Spanish 1546 GMT 30 Mar 95

[FBIS Translated Text] San Salvador, 30 Mar (ACAN-EFE)—Panamanian Foreign Minister Gabriel Lewis Galindo said today the transfer of the U.S. Southern Command to Miami "is a commitment Washington is fulfilling in accordance with the treaties" signed between the two countries in 1977.

In statements to ACAN-EFE, the head of Panamanian diplomacy, who is in the Salvadoran capital participating in the 16th Central American Summit, said "we

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have little to say, except that it is their (the United States) absolute and sovereign matter."

"The treaty is part of a natural transition process that will end on 31 December 1999. For several months, the Pentagon has been studying the transfer of the Southern Command to a new site," he said.

Southern Command's departure from Panama, where it has been based for more than 30 years, is a part of the 1977 treaties signed by President Jimmy Carter and late Panamanian General Omar Torrijos that stipulates the withdrawal of U.S. troops by 31 December 1999.

"I have no doubt the United States will comply with the Torrijos-Carter Treaties," the Panamanian foreign minister said.

Yesterday, U.S. President Bill Clinton, during a visit to Florida, made the announcement of the Southern Command's departure from the banks of the Canal.

Negotiator, Former Candidate React

PA3103014495 Panama City Circuito RPC Television in Spanish 2300 GMT 30 Mar 95

[Report by Alvaro Alvarado from "The RPC Television News" newscast]

[FBIS Translated Text] There is no national consensus regarding the permanence or departure of military bases in Panama.

U.S. President Bill Clinton announced on Wednesday [29 March] the definitive transfer of the Southern Command to Miami by June 1998. The decision has sparked various reactions in our country.

Treaty negotiator Carlos Lopez Guevara said he agrees with the U.S. decision and called on Panamanians to prepare for the time when no U.S. soldier will remain in our country.

[Begin Lopez Guevara recording] We have to decide what we are going to do with the military bases. We have to use them for civilian purposes. The experience of the United States in eliminating bases shows that they produce more jobs than when they were military bases. [end recording]

According to Lopez Guevara, the Canal treaties should be fulfilled because Panamanians are capable of turning those areas into instruments of development, progress, and employment.

Former presidential candidate Ruben Dario Carles said our country must seek ways to renegotiate with the United States the permanence of certain bases in our country. According to Carles, this could represent economic earnings for our country. The former comptroller general referred to certain amendments in the Torrijos-Carter Treaties which make people doubt the complete departure of the Americans from Panamanian territory.

The De Concini Amendment states that the United States may take military action on Panamanian soil without the consent of the national government. Meanwhile, Senator Sam Nunn's Amendment states that Panama and the United States may reach an agreement to allow a continued military presence in Panama after the year 2000.

[Begin recording] [Carles] It is a reality. We have to see if we can reach a beneficial agreement for Panama. We must somehow ask them about their intentions. It is a matter of negotiating.

[Alvarado] Do you believe there is U.S. interest in staying here? President Ernesto Perez Balladares said there has been no official request in that regard.

[Carles] They have not said no, either. They said the treaty will be fulfilled. [end recording]

All Panamanians agree that the Canal treaties should be fulfilled, but they also see the possibility of allowing certain U.S. military bases to remain in our country.

Perez Balladares Cited on False DEA List

PA3003175495 Panama City EL PANAMA AMERICA in Spanish 30 Mar 95 p A-1

[Report by Arnulfo Barroso W.]

[FBIS Translated Text] Yesterday, the Panamanian Government and the U.S. Embassy described as "completely" false the list with the names of 56 Panamanians presumably being investigated by the DEA that circulated with an official U.S. letterhead in Panama City this week.

Before leaving for the 16th regional presidential summit being held in El Salvador, President Ernesto Perez Balladares said investigations by his government have established that the U.S. Embassy letterhead was used to draw up a false list to harm and discredit a number of people.

Perez Balladares said the investigations link sectors of the Legislative Assembly in the circulation of this list, but he declined to specify which sectors.

He said U.S. Charge d'Affaires Oliver Garza notified Foreign Minister Gabriel Lewis Galindo on 28 March that the document that was circulated is fraudulent.

A list of individuals supposedly under investigation by the DEA circulated on the streets, in bars, government offices, and media of the capital on 28 March and included prominent public figures such as businessmen and politicians of various parties.

Meanwhile, a U.S. Embassy communique stated "the document was not issued by this diplomatic mission nor does it come from any U.S. agency. It is a total forgery. We censure those promoting this fraud."

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Argentina

Patents Law Approved, Becomes Effective 1 Jan 2003

PY3003174395 Buenos Aires TELAM in Spanish 1026 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (TELAM)--The Patents Bill has been approved by a large majority in the Chamber of Deputies. With the enactment of this law, property rights on industrial products, including pharmaceutics, are for the first time protected in our country

The Patents Law, which was considered of utmost importance for Argentina's incorporation into NAFTA, will come into force as of the year 2003 and will facilitate the retrofitting and adaptation of Argentine pharmaceutical companies.

The motion was passed by a large majority of the Justicialist Party, provincial parties, the Democratic Center Union, the Radical Civic Union [UCR], and the Front for a Country in Solidarity [FrePaSo].

The bill was carried by 125 votes to four, with five abstentions.

The UCR and the FrePaSo voted for the bill, but they objected to the powers of the regulatory body that will issue patents and the delay before the Patents Law becomes effective.

The Deputies enacted the bill after approving a repudiation of remarks by U.S. Ambassador to Argentina James Cheek, who harshly questioned the Argentine Congress bill.

The bill was voted through without amendments to the text passed by the Senate in April 1994.

Humberto Roggero, the Peronist chairman of the Industry Committee, totally defended the bill enacted by deputies. He said this law "proves our political sovereignty before the world."

He pointed out that with this Act of Congress, we honor our international commitments while "protecting our domestic industry."

Argentina thus adopted the recommendations of the GATT. These include the payment of royalties to holders of patents on industrial products, including patented medicines.

Meanwhile, UCR Deputy Alejandro Armendariz announced the Radical bloc would support the motion in general saying that this "is a fair law that will strengthen our country" and prevent the establishment of a monopoly of pharmaceutical products.

Armendariz added: "We had to strike a balance between the protection of inventors' rights and the prevention of a monopoly. The health of the people, the defense of our domestic industry, and the preservation of jobs were at stake."

The following deputies spoke during the four hour session: Horacio Usandizaga and Gabriel Dumon of the UCR; Alberto Albamonte, Eduardo Varela Cid, and Felix Pesce of the PJ; Socialist Deputy Guillermo Estevez Boero; Ricardo Leconte of the Autonomous Liberal Pact; and Osvaldo Pellin of the Neuquen Popular Movement.

The act also contemplates the establishment of the Intellectual Property Institute (Inpi), which will issue licenses to third parties for using patents through the payment of royalties.

Inpi will come under the jurisdiction of the Economy Ministry and will have five directors including a president and a vice-president.

The law provides that domestic industries will pay royalties as of 1 January 2003—the deadline for retooling and modernizing their research structures.

It also stipulates that the requirements for obtaining a patent are the filing of an application form with the Inpi and the declaration of a person's domicile, or their elected domicile in Argentina.

Patents will be valid for 20 years from the time the application is filed and cannot be extended.

The act contemplates that others may solicit the use of a patent if three years have elapsed since the patent was issued and four years have elapsed since the filing of the application and nobody has used the patent.

Moreover, the law specifies that infringements will be punished with a fine and imprisonment from six months to three years.

Salient Points of Law Listed

PY3003192095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1132 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (NA)—The following are the most salient aspects of the bill on patent rights to inventions, including pharmaceutical products, which was enacted by the Chamber of Deputies during the early hours of 30 March:

—Legal entities [personas juridicas] having their actual or designated address in Argentina are eligible to apply for patents.
—The domestic industry will have until 2003 to conform to the demands of the new statute. During this lapse of eight years, it will not pay royalties to the holders of patents.
—Patent rights will belong exclusively to the inventor, who will be empowered to cede or license these rights.

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—The National Institute for Intellectual Property (INPI), which will regulate the issuance of letters patent to Argentine pharmaceutical companies, is created.
—The holder of a patent must make use of his invention within the boundaries of the national territory, except for those exceptions established by the INPI.
—Applications for patents on pharmaceutical products may be filed as of 1 January 1995, but will be issued in the year 2000.
—Patents will have a 20-year non-extendable life, counted as of the filing of the patent application.
—The exploitation of the patent will include the production, distribution, and marketing of the invention in sufficient amount or quantity so as to meet domestic demand.
—If a holder of a patent does not make use of his rights after three years have elapsed since the issue of a patent, and four years since the patent application, any other person may request to use the said patent.
—The executive branch is empowered to make use of certain patents for national security or health emergency reasons.
—Patent infringement will be counted as crime of forgery. Punishments for patent infringement include fines and prison terms ranging from six months to three years.
—The INPI will be comprised of five members appointed by the executive branch, and will remain four years in office.
—The patents bill takes into account the international commitments taken on within the Uruguay Round of the GATT talks on this subject, and repeals one of the oldest laws extant in the country, namely Act 111 enacted in 1864.
—The government does not grant a monopoly right to the holder of a patent, and strikes a balance between absolute rights and exceptions, guaranteeing international fair competition, voluntary and involuntary licensing, expiration, and deadlines for periods of transition.
—Any abusive attempt by the holder of a patent, such as the importation of the patented product from any legitimate origin, will be penalized.

Menem Faults 'Intolerable' U.S. Pressure Over Law

PY3003161295 Buenos Aires TELAM in Spanish 1058 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (TELAM)—President Carlos Menem today accused U.S. Ambassador James Cheek of exercising "intolerable pressure" on Congress so that it would not approve the patent bill as drafted.

In remarks to Radio America, Menem said that the statements of the U.S. diplomat were "in very bad taste, slipshod, and out of context."

U.S. Envoy Summoned Over Remarks

PY3003181395 Buenos Aires TELAM in Spanish 1427 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (TELAM-SEM)—President Carlos Menem today accused U.S. Ambassador James Cheek of exercising intolerable pressure on the executive branch and on Congress, while Foreign Minister Guido Di Tella has summoned the ambassador to explain his position.

Cheek's statements, made to prevent approval of the Patents Bill, constitute "a kind of intolerable pressure by the diplomat on the executive branch and on Congress," Menem stressed to Radio America.

Meanwhile, Foreign Minister Guido Di Tella revealed that he has asked Cheek to come to the Foreign Ministry at 1400 in order "to ask him for an explanation and to express our annoyance over his recent statements."

"I understand that ambassadors are the eyes and ears of their countries, but everything must be done within measure and carried out harmoniously," Di Tella said this morning, before participating in a cabinet meeting that was held in Olvos, where he was consulted on whether Argentina would ask the United States to withdraw its diplomat.

Menem indicated that Cheek's statements, in which he compares Argentina with Suriname and Burundi, were "in very bad taste, slipshod, and out of context."

"These things are somewhat intolerable, and I believe that Congress has done very well to participate in this," Menem said, in referring to the document of the Chamber of Deputies, which expressed its "most energetic repudiation" of Cheek's statements.

The U.S. ambassador had stressed that the patents bill was for nations "like Burundi or Suriname," and indicated that if the bill was approved—it was turned into law on 29 March—U.S. investment in Argentina would stop.

Menem considered that "the Americans would certainly not like" the Argentine ambassador in Washington, Raul Granillo Ocampo, "to make similar statements regarding what congressmen and the executive branch should do" in that country.

He added that Cheek's statements "have nothing to do with the functions of an ambassador who really appreciates himself as such."

"We are not going to deny the passion that he puts into the defense of the interests of his country, but I believe that he has opened his mouth a little too wide," the chief of state said.

Menem then outlined a parallel case, regarding the frustrated sale of Pampa airplanes to the United States within the framework of an international bid for the purchase of trainer planes.

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"Did you see us beginning to shout about the Pampa plane, because up to the last moment we were quite certain that we were going to win?" he said.

The president maintained that "matters did not turn out that way. There were a series of challenges, and the North Americans opted for a U.S. enterprise. We did not make any claims because that is how the rules of the game are played."

Menem lauded the congressional approval of the Patents Law, and considered that it once again places Argentina "in a good, a very good, position for maintaining excellent relations with not only the United States, but also with the rest of the world."

Asked about a possible veto of the law by the executive branch, Menem answered: "As soon as we receive the law we will study it exhaustively. If we have to fine hone it through a veto we will do so; if not, we will pass it into law just as it is."

Foreign Minister Presents Oral Protest

PY3003235595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2008 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (NA)—Foreign Minister Guido Di Tella said today that U.S. Ambassador James Cheek's remarks regarding the patents bill "deserve a yellow card" [a warning], using soccer terminology to describe the government's opinion about the diplomat's attitude.

This afternoon the foreign minister presented an oral protest to the U.S. representative for his statements to the effect that the patents bill was more adequate for countries like Suriname or Burundi than for Argentina.

Di Tella justified last night's Chamber of Deputies rejection of Cheek's remarks, adding that the government "is sensitive to proposals, but not to pressure."

The foreign minister made these comments during a news conference at the Foreign Ministry after a 35-minute meeting with the U.S. representative at his Foreign Ministry offices.

Chamber Condemns U.S. Envoy, 'Suggests' Withdrawal

PY3003163295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1104 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (NA)—After arduous negotiations the Chamber of Deputies has defined its position with regard to statements made by U.S. Ambassador James Cheek, and suggested that the executive branch "adopt all necessary measures in view of the severity of the case."

The draft declaration suggests in its fifth article that the executive branch, in using the attributions granted to it by Article 99, Paragraph 11, "adopt all necessary measures, with the severity merited by the case, to prevent a repeat of this kind of serious incident."

The official sector thus imposed its position with the drafting of a document that limits itself to "suggesting," thus watering down the express request for the withdrawal from Argentina of the U.S. ambassador that had been requested by the UCR [Radical Civic Union] bloc with the support of other blocs.

This draft document, which was approved before the debate on the Patents Law, repudiates Cheek's statements, indicating that the diplomat's statements "contain open and covert threats to impose sanctions and reprisals of an economic and trade nature."

The document then goes on to say that the Chamber of Deputies "does not admit any kind of foreign pressure or interference in the exercise of its functions."

During the course of 29 March James Cheek had stated that the patents bill being debated by the Chamber of Deputies "is useless."

After severely condemning the statements and stance of the U.S. ambassador, the Chamber of Deputies began a debate to reach the necessary consensus on whether or not to declare the diplomat "persona non grata" or to ask the executive branch to demand his withdrawal from the country.

The UCR bloc, with the support of MODIN [Movement for Dignity and Independence] and Fernando Solanas of the Grand Front, requested that the executive branch, using its constitutional attributions, demand the withdrawal of the diplomat, while the PJ [Justicialist Party] was more cautious and inclined itself toward declaring the ambassador persona non grata.

Notwithstanding these two positions, which the Chamber tried to unify in a single document, the expressions condemning the diplomat were of a similar nature.

The broadside against Cheek was started by Humberto Roggero of the PJ, head of the Industry Committee, who considered "inadmissible" and threatening the statements of the ambassador against the Patents Bill that the Chamber was about to debate.

Roggero asked the Chamber to declare Cheek persona non grata through a question of privilege that was voted on unanimously.

Federico Storani of the UCR then demanded that the Argentine Government, using the powers granted it by Article 99, Paragraph 11 of the Constitution, demand the withdrawal of the ambassador "because of his unfriendly attitude, which blemishes our sovereignty."

The motion was supported by Solanas and Guillermo Fernandez Gil of the MODIN, while the official sector was inclined to vote favorably for Roggero's motion.

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Within the framework of the debate, Jorge Matzkin, head of the PJ bloc, proposed that the two motions be unified into one document in order to vote on it at the end of the session.

As soon as this proposal had been accepted, the diatribe continued against James Cheek, with Solanas stressing that "this ambassador threatens us with trade sanctions in an extortionary maneuver against Congress."

Justicialist Jose Corchuelo Blasco maintained that "the Patents Law has been drafted on the basis of the interests of the consumers, and not the interests of ambassadors."

Corchuelo Blasco said that the U.S. ambassador "does well to defend the interests of the enterprises that have their seat in his country, but he is acting very badly when he insults the sovereign decisions of the Argentines."

Rafael Flores stated that "the fact that there are officials and congressmen in Argentina who agree with Cheek is more dangerous than the statements and attitude of the ambassador."

Flores added that "Congress has maintained an independence that badly bothers the U.S. ambassador, who seems more a right-wing Republican than a member of the Democratic Party."

Chamber of Deputies Approves Central Bank Regulation Reform

PY3103032895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1052 GMT 30 Mar 95

[FBIS Translated Text] Buenos Aires, 30 Mar (NA)—The Chamber of Deputies has approved a draft bill amending Central Bank [BCRA] Organic Rules in order to establish a bank deposits insurance, an issue that will now be taken up by the Senate.

The bill proposes insurance to cover 90-day deposits of up to 5,000 pesos or dollars. All other deposits will be subject to the protection system determined by the Financial Entities Law.

The bill authorizes the BCRA to assist banks with liquidity problems with temporary and special financing.

The initiative also changes some items in the Financial Entities Law, which was rejected by the opposition headed by the Radical Civic Union [UCR] because, in their opinion, the BCRA has "excessive attributions."

The bill has a chapter on credit funds and commercial banks with the legal form of cooperatives or civilian associations, which will be allowed to become incorporated, at the request of the BCRA, if they face operational difficulties.

In these cases, the entity in question will be required to present an executive board decision authorizing the change within 30 days from the date the BCRA requested its incorporation. The decision must be implemented within 90 days.

After heated debate, the Chamber of Deputies started discussing the patents bill, which includes pharmaceutical proposals, and which will most probably become law thanks to an agreement between the different blocs.

The bill amending BCRA Organic Rules became a grand financial project thanks to the amendments that were added following intense negotiations with Economy Ministry officials headed by Presidential Secretary General Eduardo Bauza.

The Justicialist Party bloc in the Chamber of Deputies was forced to summon the Budget and Finance Committee before deciding on the amendments to the BCRA bill, which included insurance for bank deposits and touched chapters of the Financial Entities Law.

The UCR, which was opposed to the grand project, found an unexpected ally in the Ucede [Democratic Centrist Union]. Ucede representatives criticized the imposition of the banks insurance, warning about the risk of returning to the stage of high inflation rates.

Ucede leader Jose Maria Ibarbia said: "With this project we are placing dynamite under the convertibility law," adding that the runs on banks "were due to devaluation fears and banks' own insolvency."

Deputy Miguel Balestrini (PJ) [Justicialist Party], sponsor of the bill, said the Deposits Guarantee Insurance System is created in order to administer a limited and compulsory insurance, which will not be free, to cover the risks of bank deposits.

The insurance system will cover deposits of 5,000 dollars or pesos, kept in the bank for a minimum period of 90 days. The bill authorizes the BCRA to organize and implement the new mechanism.

Other chapters of the reform bill authorize the BCRA to assist financial entities with liquidity problems.

These special BCRA attributions will be in effect for a year. From that time on, the BCRA will be empowered to give banks rediscounts and advances "whenever necessary to provide an adequate liquidity for the financial system."

According to the bill, that assistance will be carried out "without risking the freely available reserves that sustain the monetary base."

The bill authorizes the BCRA to "give, transfer, or sell credits purchased from banks affected by liquidity problems to financial institutions with surplus liquidity."

One of the arguments used in support of the bill refers to the need for more flexibility to use bank discounts and rediscounts in order to overcome the crisis affecting some banks due to the massive withdrawal of deposits.

The bill stresses that rediscount techniques must be used without hindering the operation of the convertibility law also approved by Congress.

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Kelper Campaign To Promote UK Ties Viewed

95SM0258A Buenos Aires LA PRENSA in Spanish 13 Mar 95 pp 4-5

[Article by Ana Gerschenson including interview with Janet Robertson in the Falklands; date not given: "Argies? No, Thank You"]

[FBIS Translated Text] The inhabitants of the Malvinas are going to pay a consulting firm $240,000 to sell their image to the citizens of the United Kingdom. The idea is to emphasize how "little" they cost the crown.

Everything seems to be a question of image in the 1990's. The kelpers have ceased to be kelpers. They have modernized, grasped the concept of image, and are seeking not to be out of fashion. This year they are going to pay the Shandwick company 150,000 pounds cash (about $240,000) to sell their "look" on the streets of Great Britain. And theirs is not a naive investment.

The firm, which was chosen from among four bidders, will try to reverse an idea that has adverse consequences for them in English society: that holding onto the Malvinas Islands is a burden on the citizens of the United Kingdom. The calculations have been done. Keeping the troops in the southern archipelago supposedly costs each subject of the crown, who is already quite heavily taxed by her majesty's government, just two pounds.

Moreover, Shandwick will try to underscore the economic independence of the islands, which have been self-sufficient since 1986. The package is also going to include the islands' promise to take charge of their own defense expenditures, using oil royalties.

Kelper Fears

The kelpers' decision is not illogical. Behind it lies fear. The most recent poll taken on the image that the British people have of the inhabitants of the remote archipelago was hardly encouraging. The survey was conducted in 1990 by the international polling firm Gallup and contains the latest reliable information on the issue: 57 percent of Londoners would regard as acceptable an agreement between Great Britain and Argentina under which the United Nations would administer the islands. This is an idea that has so far gone nowhere.

Only 33 percent of the English people hold as firmly as the islanders do to the idea that the archipelago should remain British forever. The remaining two-thirds are divided. This is a vitally important finding that Shandwick will surely try to reverse.

The discovery of oil is working both for and against them. When Shandwick conducts a new poll in the city of the "London Bridge," as it has advised LA PRENSA it will, fewer British will no doubt want to let the islands go just like that. But more are also going to disagree with the islands' stubborn refusal (even against the crown's wishes) to sit down and negotiate with Argentina on a system of cooperation to develop the hydrocarbons.

The fact is that residents of Puerto Argentino are increasingly convinced that relations between Argentina and Great Britain are headed toward the brink. It was with good reason that last week the Foreign Office and our Foreign Ministry held a second round of talks on oil without any representative of the Malvinas present, the argument being that they were merely informal talks.

Year 2000 Fast Approaching

Carlos Menem's officials every so often proclaim in unison that the Malvinas will be Argentine before the year 2000, and the residents of the southern islands are not just suspicious; they want to be prepared. Enhancing their image is another weapon.

The chief executive of the islands, Andrew Gurr, traveled to London to work out the strategy. He offered $240,000 to the firm that came up with the best marketing package (with a logo and everything) to win over his ancestral home. Four companies answered the island government's call: Profile, Keene Ltd., Hill Knowton, and the winner, Shandwick, which will soon be sending a team of media experts to Puerto Argentino for a thorough on-site study.

Persuasion is the key element in the Argentine-Kelper-British triangle. For several years now Guido di Tella has been pursuing his time-honored strategy of seducing the people on the Malvinas. The islanders, without missing a beat, have learned their lesson. They have decided to apply the same theory that the foreign minister developed, but it is the queen mother with whom they are flirting.

[Box, p 5]

Defense Spending Down Year After Year

It may be a question of confidence, or simply a monetary issue. The fact is that the United Kingdom is assigning a smaller and smaller budget every year to the army that is defending the Malvinas Islands against a potential Argentine attack (this is the justification cited for maintaining a reserve force as large as the population of the archipelago itself).

From a high of $1.02 billion that the crown spent in 1983 (right after the war), only $107 million was spent in 1994, a drop of almost 90 percent.

According to official estimates, the expenditures to defend the islands cost each home in the United Kingdom $4.60, or 0.5 percent of the United Kingdom's total military budget. The kelpers plan to use these two pieces of information to show how little it costs the crown to keep the British flag flying over the islands.

But the political interpretation could be different. The steady shrinkage of the budget for the southern isles could be seen as a barometer of the growing trust between Great Britain and Argentina. Although the military embargo that London imposed in 1982 is still in

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force, English intransigence is gradually waning, and some in our Foreign Ministry go so far as to say that England is going to lift the embargo very soon, a move that the islanders are not too keen on. But in this case the numbers speak for themselves.

[Box, p 5]

Two Islanders Arrive in Buenos Aires Tomorrow

As LA PRENSA reported, the kelpers are going to give a series of public lectures explaining the position of Malvinas residents. Janet Robertson spoke with this paper before her departure.

"We want to remain British. What do you have to say about that?" Janet Robertson remarked, reflecting the spirit of the visit that she and another Malvinas resident, Graham Bound, will begin tomorrow. As LA PRENSA had reported, the two islanders are coming to Argentina, on an invitation from the Argentine Council for International Relations (CARI), to give a series of public lectures and explain the kelper position to all who will hear it. The idea is to convey the kelper message not just to Buenos Aires but to the country at large. They will also be visiting Trelew, Cordoba, and Mendoza on a tour that will last around three weeks. On the day she departed from the Malvinas, Janet shared with us her expectations of the trip.

[LA PRENSA] Do the islanders support your visit to Argentina?

[Robertson] There are people who do not approve of the trip we are going to take. But I feel that we have to achieve an understanding with Argentina so that you understand how we think and how we feel. Above all, though, what you need to respect is our right to decide on our own future in our own place. And I really think that you are not going to do so until you learn how this place operates. I am in favor of promoting further contacts, although I would not say that we would open our doors to all Argentines. That would be very painful and upset a lot of people, which I find understandable.

[LA PRENSA] And what about bilateral relations?

[Robertson] The position in the islands is categorical. Normalization of relations is going to be possible only when Argentina renounces its claims of sovereignty. And since the only thing we are hearing is that Argentina does not plan to do this, we think that we have to do something. Argentines should not underestimate the strength of our feelings....

[LA PRENSA] Could one say that this is the general opinion in the islands?

[Robertson] Let us say that I represent a quite widespread view, even if they are the ones who refuse to communicate with Argentina under any circumstances and who identify most with me.

[LA PRENSA] And what do you think about the possibility of compensating those who accept Argentine sovereignty?

[Robertson] It makes me laugh. It amuses me, although sometimes it also irks me. The fact is that it must not be taken too seriously. I would say to you that if you want to buy us off into leaving, you are going to have to pay a great deal more than you have offered in order for people to give up their roots, their historic heritage, their country.

[LA PRENSA] Then, as with so many other things, is money the problem?

[Robertson] No, not all. It's just a manner of speaking, although I think that basically Argentina cannot face that fact. All the same, it seems crazy to me. Moreover, in making the offer, you are acknowledging that you have to buy something that does not belong to you. Di Tella made a mistake; he wanted to test the loyalty of people on the islands. And he discovered that our loyalty is real, that we are not playing around when we say that we want to remain British at all costs. Di Tella finally found out that people prefer being able to choose their own destiny to having $1.5 million in their pocket.

Bolivia

Former FELCN Commander Extradited to U.S.

PY3103151895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 31 Mar 95

[Report by Hans Soria from Cochabamba]

[FBIS Translated Text] Today at 0430, Special Antinarcotics Force [FELCN] and DEA agents virtually invaded the FELCN headquarters in Cochabamba. Strongly armed DEA and FELCN security agents arrived here today. At approximately 0500, Colonel Faustino Rico Toro was authorized to leave his cell to meet with relatives. His wife, Rosario Gamarra, accompanied by their children, arrived at the FELCN offices at about 0530, to discuss with her husband the details of his transfer to the United States.

After the police had cordoned off five blocks surrounding the FELCN headquarters in Cochabamba, and under strong guard, intelligence agents escorted Col. Rico Toro from his cell at about 0715 and took him to the airport, where he arrived at about 0700 [sentence as heard]. Once at the airport, at approximately 0740, Faustino Rico Toro boarded a DEA plane that would take him to the United States with a stopover in Santa Cruz.

It was very difficult to hold an interview with Rico Toro, but he did speak about his plans in the United States, where he will appear in Florida courts.

[Begin recording] [Rico Toro] Well, I believe I feel just like any other Bolivian. We are not familiar with U.S.

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court procedures. Once there, I will make the pertinent contacts and then decide what to do. I believe that the first thing to do is to know where you stand, and to request references. Right now I cannot make any comments because I am not familiar with anything.

[Reporter] How do you feel, Mr. Rico Toro? It seems you have lost quite a bit of weight.

[Rico Toro] Well, no one can feel comfortable while under detention. It is bound to affect anyone. Nevertheless, having peace of mind is very important. It is difficult to be pilloried. I repeat, it is difficult to be pilloried, but I suppose it is even harder for those who impose the punishment, particularly when it is unjust. [end recording]

Col. Faustino Rico Toro, who has been charged with drug trafficking activities in the United States, was calm while being transferred from his jail to the Cochabamba military air base.

During the entire ride to the military base Rico Toro reasserted his innocence, and added that he hopes to prove it before any fair court. Rico Toro also said goodbye to those who in one way or another had expressed their support throughout all these months.

[Begin Rico Toro recording] As for you have just said, I want to thank everyone for the solidarity they have shown toward my family, particularly the media, which even reported that this was all prepared beforehand. I also want to thank Bolivians, particularly Cochabamba residents, for their extraordinary solidarity. This has always been a traditional characteristic of our nation, but lately we have been losing it because of the materialization of society. This characteristic has, however, blossomed again.

I also want to express my gratitude to my mother, and to my wife, who I think is a heroine and who has tried all means available to prove the innocence of her husband. I also want to thank my family for their strong spiritual support.

I also want to extend my gratitude to all my friends and to the Church, which has expressed its constant support by sending their representatives to visit me and to grant me their religious support. I believe there was not a single Sunday I spent without mass and communion. I also want to thank the various religious groups for their prayers.

I would also like to urge journalists to uphold a spiritual and inquisitive attitude in their work. I think we are experiencing difficult times in the country, and if all Bolivians do not rally around spiritual objectives and the truth, we are jeopardizing our future. If we do not do this, what kind of country are we leaving for our children? Quo vadis Bolivia? Where is our country heading? [end recording]

These were Col. Faustino Rico Toro's last words before boarding the DEA plane at the Cochabamba military base. At this time he is probably arriving in Santa Cruz. From Santa Cruz, Rico Toro will be taken to Miami, where he will stand trial for his involvement in shipping about 100 kg of cocaine to Miami and for engaging in dubious contacts with Bolivian and foreign drug traffickers.

Deputy Foreign Minister Views U.S. Senator's Remarks

PY3103004795 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 30 Mar 95

[FBIS Translated Text] Deputy Foreign Minister Eduardo Trigo said that the threats of a U.S. invasion are offensive to Latin America. Trigo was thus commenting on the suggestion by U.S. Senator Dan Burton with regard to the implementation of a firm drug enforcement policy against Bolivia, Peru, and Colombia.

We will now listen to comments by Deputy Foreign Minister Eduardo Trigo, who protested—or better said, who referred—to the proposal made by the U.S. legislator:

[Begin Trigo recording] This declaration violates any basic principle of international law and [words indistinct] is offensive to the entire Latin American community. [end recording]

The U.S. senator suggested destroying coca plantations with herbicides and anchoring an aircraft carrier off a non-existent Bolivian sea coast.

The intention is to have U.S. troops ready to operate at any moment in these countries without respecting their sovereignty.

Deputy Foreign Minister Trigo asserted that he had no official information on this worrisome subject. He announced that the countries of the region will issue a joint declaration at any time.

MBL Prefers Aid Suspension to 'Abusive Impositions'

PY3103012595 La Paz LA RAZON in Spanish 19 Mar 95 p A10

[FBIS Translated Excerpt] Foreign Minister Antonio Aranibar's party, the MBL [Free Bolivia Movement], would rather bear the consequences of the loss of the U.S. antidrug certification—which implies suspension of aid and blocking of foreign credits—than ever accept "abusive impositions" whereby one can unleash violence among Bolivians with the purpose of eradicating coca crops, Juan del Granada, one of the main MBL leaders, said.

The United States has given an ultimatum to Bolivia, demanding the eradication of 1,750 hectares of coca crops in the Chapare region by 30 June 1995, and

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warned that if this is not done, it will withdraw the certification that was granted under humiliating conditions on 1 March.

"What we can no longer tolerate is a policy that is demanding the use of violence to eradicate coca crops without taking into consideration the fact that the problem is not only of a criminal nature but, more particularly, of a social and economic nature. We are facing a terrible problem stemming from the tremendous poverty existing in rural areas that are suppliers of manpower moving to the Chapare," Del Granado told LA RAZON when he was asked whether Bolivia could put up with the U.S. decertification.

When he was asked again whether the MBL has any doubts about whether to face the decertification or fulfill the tough conditions of the U.S. ultimatum, Del Granado was categorical: "The MBL has no doubts," he said.

"We are facing the emergency of confronting what seems to be an aggressive and clumsy U.S. policy of meddling in domestic affairs," he added.

He said: "I believe all Bolivians are perceiving an intolerable level of U.S. meddling in domestic affairs and a regrettable clumsiness in handling bilateral relations."

The MBL leader added, however, that he is unaware of reports that the U.S. Embassy is reportedly exerting pressures to force his party out of the ruling coalition in which the MNR [Nationalist Revolutionary Movement] is the majority party.

In that context, he did not feel that this was the worst moment for the MBL since it joined the government plan.

"It is just another moment, beyond the pressures that could exist," he said.

When asked whether he thought that the Foreign Ministry was not the best place for the MBL, given rough relations with the powerful U.S. Embassy, with which, from now on, it must be in permanent contact, he said:

"In that permanent contact we have the opportunity to show the people of the United States that in Bolivia there are honorable and responsible individuals; that there are patriotic statesmen who are absolutely far removed from corruption and who have made of political life a service to the fatherland and a continuous relationship with ethical and moral standards." [passage omitted]

Vice President on Forceful Eradication of Coca

PY3003143395 Santa Cruz EL MUNDO in Spanish 20 Mar 95 p A15

[FBIS Translated Text] La Paz, 19 Mar (ANF)—Vice President Victor Hugo Cardenas confirmed today the government's decision to eradicate "either voluntarily or by force" the illegal coca found outside the Cochabamba tropical region and the Yungas of La Paz.

He also said that the executive branch will respect the coca of the Yungas as this is for traditional consumption, and that a dialogue will be sought with the peasants of Chapare to reach agreement on eradicating the surplus coca in the transition areas that is destined for drug trafficking.

Cardenas made these comments to Radio Panamericana of this city in referring to the conditions imposed by the U.S. Administration on the Bolivian Government for the eradication of 1,750 hectares of surplus coca by 30 June 1995.

Cardenas admitted the conditions imposed by the Clinton administration, but said that the government has its own point of view on this issue, which is being negotiated with the U.S. Government.

He recalled that Bolivian legislation considers three kinds of coca plantations: illegal, traditional, and temporary surplus coca crops. There are also legal regulations for each one that must be enforced.

He said: "The eradication of the coca grown in illegal areas cannot be questioned. They must be eradicated either voluntarily or by force. In this case it is rather simple; our laws must be enforced."

Regarding the temporary coca crops, which are mostly located in the Chapare, Vice President Cardenas advocates their reduction through an agreement with the peasants of the region, in order to prevent an eradication by force.

He said: "No one can deny that coca production, instead of decreasing, has been increasing in this zone. This increase has even affected important zones, such as conservation parks and areas where some indigenous people live."

Cardenas admitted that dealing with this issue is a complex problem, and that this is why the best solution is to talk with the coca growers and reach an agreement on ways to reduce the surplus coca that the peasants know is used for drug trafficking." [no opening quotation marks as published]

Regarding the coca grown in the Yungas, Cardenas said it is protected by law, as it is for traditional consumption such as chewing and ritual ceremonies. The government is even studying its future industrialization.

Opposition Bloc Criticizes Remarks

PY3103034895 Cochabamba LOS TIEMPOS in Spanish 21 Mar 95 p A3

[FBIS Translated Text] La Paz, 20 Mar (LOS TIEMPOS)—Congressmen of the opposition bloc have bitterly

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criticized Vice President Victor Hugo Cardenas, who said that the "illegal coca must be eradicated either peacefully or by force."

Deputy Hugo Carbajal (MIR) [Movement of the Revolutionary Left] said that Cardenas has made the mistake of submissively accepting the executive branch command, as happened with the case of impeachment requested against former President Jaime Paz Zamora.

"It is inadmissible that he (Cardenas), as president of the National Congress, may suggest the use of force to face the explosive coca issue. His image is worsening. No one, and much less Cardenas, can use violence against the peasants," he said.

The opposition congressmen said that with that type of behavior, the ruling congressmen delay and thwart an open and frank dialogue to face the various problems associated with drug trafficking.

Even more drastic was ADN [Nationalist Democratic Action] leader Fernando Kieffer, who termed "as totally irresponsible that type of remark" that suggests the use of force to eradicate the surplus or illegal coca crops.

"The least person charged to speak about violence is the vice president of the Republic. Cardenas is once again mistaken. Once again he is out of touch with reality and shows lack of common sense in his remarks," he said.

Kieffer said that the government is using the discussion in Congress of the coca-cocaine issue "as makeup." "Government members seem to have repented of having resorted to dialogue," he said.

MBL [Free Bolivia Movement] Deputy Erwin Saucedo expressed agreement with the opposition viewpoint that the eradication of surplus coca crops must be carried out through a consensus and voluntarily by the coca producers.

Brazil

Cardoso Describes Reform Opponents as 'Reactionaries'

PY3103035695 Rio de Janeiro O GLOBO in Portuguese 30 Mar 95 p 1

[FBIS Translated Text] In a clear reference to Workers Party President Luiz Inacio Lula da Silva and to former Rio de Janeiro Governor Leonel Brizola, who are organizing a front to fight the government's constitutional reform proposal, President Fernando Henrique Cardoso yesterday accused "the losers in the latest election" of "secreting the bile of defeat."

Cardoso said: To say no to the reform, my God, is to become a reactionary. Some who claimed to be on the vanguard line have turned out to be reactionaries.

In Recife, Lula failed to lure Pernambuco Governor Miguel Arraes into joining the front against the reform.

Editorial Criticizes President Cardoso's 'Personalism'

PY3103033695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Mar 95 Section 1 p 2

[Editorial: "Forget Who I Am"]

[FBIS Translated Text] President Fernando Henrique Cardoso always denies that he said "forget what I wrote."

However, the president's speech on 24 March in Sao Joao do Juaguaribe (Ceara) seems to have been made not only to make people forget what he wrote but also what he is—or what he was.

The antipopulist—and therefore, antidemagogic—sociologist has disappeared in an ocean of demagogic words. The politician who fought authoritarianism has been swallowed by a festival of personalism, to the extent of having used 12 times the word "I," not to mention the various instances in which the "I" is the sentence's subject.

Critics were treated with the scorn of someone who seems to believe to be the owner of the truth. They were addressed as "fools," "impostors," "a very small group," members of a "false leftist sector," or members of a "worn-out rightist sector."

The president is selling the false idea that he made a real land ownership revolution. "The change is here and now, the change is in the land." This would have been fine, had Fernando Henrique Cardoso not signed land ownership certificates for only 217 families.

Obviously, it is a first step, but not even the most adamant optimist would say that this means land reform has been carried out in Brazil.

The president added that he vetoed the bill setting the minimum salary at 100 reals [R] because it was "demagogic" and the government "did not have funds to pay for it." He now says he has submitted the right bill, with the necessary funds, providing for a R100 minimum salary for May.

However, he did not explain how the government, which had no funds, will now have them in May, in such a short time and without a single structural reform.

It is really a pity that the Fernando Henrique Cardoso of Sao Joao de Jaguaribe should not even remotely look like the Cardoso of the academy, the Cardoso of Cebrap [Brazilian Analysis and Planning Center], the Cardoso of the Senate, and even the Cardoso of the Finance Ministry.

The effects of the loneliness of power have probably made the president feel like sort of a lone knight of noble causes, a modern Don Quixote, the man who formulated the Real Plan "despite almost everyone and everything." It would be good for the president to reread "Don

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Quixote" to recall that fighting windmills, no matter how good in literature, can only be pathetic.

Social Communications Secretary Resigns

PY3103013395 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 30 Mar 95

[FBIS Translated Text] National Social Communications Secretary Roberto Muylaert has resigned. In his letter of resignation submitted to President Fernando Henrique Cardoso, Muylaert said he is tendering his resignation for personal reasons.

In remarks to reporters here at Planalto Palace, Muylaert said that he resigned because he is being held accountable for shortcomings in disseminating and preserving the government's image. He said he is an expert, and the president of the Republic had assigned him the task of handling and taking care of the televised education program, advertisement, the Brazilian Radio Broadcasting Company, and the Roquete Pinto Foundation.

Presidential spokesman Sergio Amaral will serve as acting communications secretary.

Political Pitfalls of Constitutional Reform Process Noted

PY3003134195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 27 Mar 95 p 2

[From the "Political Issues" column by Dora Kramer]

[FBIS Translated Text] There is not a single person, either within the government or without, who does not recognize the practically imminent threat posed against the success of the constitutional reforms. Dropping, for the umpteenth time, the idea of appointing a political coordinator to organize relations between the Executive and Legislative Branches meets the particular positions of some parties, such as the PFL [Liberal Front Party], which is not interested in any appointee but Marco Maciel. It irks the PMDB [Brazilian Democratic Movement Party] and terrifies the PSDB [Brazilian Social Democracy Party]. The Tucanos [PSDB members], the president of the Republic's fellow party members, know perfectly well who will be held accountable for an eventual fiasco.

Jose Richa's refusal to accept this post did not represent anything new. Fernando Henrique Cardoso is always the first to know—to such a point that when the former senator did not answer his telephone call on 22 March, the president resorted to Dona Arlete, Richa's wife, asking her not to allow her husband to hold any interviews before a meeting scheduled for 25 March at Alvorada Palace. The decision had been made so firmly that Richa decided to ignore the call, and publicly announced his stance.

Therefore, by making an effort to hold talks, Fernando Henrique was merely trying to gain time, as the practical outcome of the encounter would be naught. Adding to this the president's initial position of not appointing any coordinator, the final sum, in this particular case, is zero. The PFL, which championed choosing a government official who would serve as a link between Planalto Palace and Congress, cooled down when it became clear that the post would go to the PSDB.

As long as it seemed that the PFL people would seize this portion of power, based on their experience, tradition, and seniority, the party enthusiastically championed the idea. A month ago PFL President Jorge Bornhausen even proposed to transfer Civilian Household Chief Clovis Carvalho to a secretariat within the Civilian Household to allow a ministerial rank for the coordinator. Now Bornhausen and his troupe are using the same argument, that the president of the Republic should actually be the one to discharge these duties.

The PFL knows perfectly well that this is not right. And it has known for a long time that the Political Council—made up of people with conflicts of interest—would tend, sooner or later, to exhaust itself. It became exhausted sooner. The PFL is concerned with the PSDB administration's success only because a fiasco might hit the party as a PSDB partner. The PFL has its own plans, does not rely on any coordination, and knows better than anyone else where the doorway is when a fiasco is approaching.

The same cannot be said for the PSDB, whose opportunity to serve is now. The alarm is therefore sounding within the PSDB. The leaderships agree about the necessity for a rescue operation with the goal of putting the reform on the right track again. The PSDB people are the most committed ones in today's action, which will begin with a meeting of PSDB, PFL, and PMDB leaders with the president of the Republic in the Chamber of Deputies.

During the meeting the PSDB, PFL, and PMDB leaders will ask Fernando Henrique to draw up a prompt, complete, clear, and perfectly distinct policy to implement the constitutional reforms in Congress. Jose Anibal, the PSDB bloc leader in the Chamber of Deputies, said: "It is not possible to mistake essential features for subordinate features, even though the latter may be important." In his opinion, the government project is an essential feature, and cannot be allowed to run any risks. Partisan petitions are subordinate features, and though they must be met they cannot impair the process.

Today the leaders will propose to the president two lines of action: first, choosing a subject that will easily be accepted by the congressmen as a start [preceding word in English] to the voting; and second, opening up a perfectly smooth channel between the government and congressional leaderships in which the latter will have access to all the information, and the former will guarantee a permanent presence in Congress.

More or less as happened with the Social Emergency Fund vote in 1993, when he was finance minister,

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Fernando Henrique is available 24 hours a day. Particular efforts are not being made, but the necessity of a political coordinator may surface again, reopening the issue.

It would be useful for Fernando Henrique to remain open, because the process is tricky: A deputy talks with Jose Abraao or Edme Tavares—the two former deputies who have been chosen as midfielders—who acknowledge receipt and pass on the message to Eduardo Jorge, who passes on the message to Clovis Carvalho, who submits the issue to the Intelligence Secretariat, which asks Fernando Henrique if it is possible.

As there are nearly 600 congressmen, there is the risk that at this pace the administration will be over before the first vote is counted.

PFL To Strengthen Reform Defense

PY3003023595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Mar 95 p 4

[FBIS Translated Text] Brasilia—During a meeting among the 27 presidents of regional PFL [Liberal Front Party] chapters, party president Jorge Bornhausen began a new offensive to reinforce the defense of constitutional reforms. "I do not know whether President Fernando Henrique Cardoso is intimidated. I guarantee that the PFL is not," he said in support of the statements made by Antonio Carlos Magalhaes (PFL-BA) [Bahia], who had demanded a greater effort by the government to secure approval of the this decision comes as both sides approach the third round constitutional amendment proposals.

The PFL supports the decision made by President Cardoso to become political coordinator. "The president, not the party, has a problem with coordination. He can appoint a coordinator if he pleases, whenever and however he pleases," said Bornhausen. He criticized the suggestion of Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party - Amapa] to withdraw the social security reform proposal from congress. "Does that mean delaying once again the solution, leaving room for chaos?" he asked.

Television—Among the measures that were adopted to mobilize the PFL, Bornhausen decided to change the free political propaganda time on television planned for next 22 June for a time to report on the proposals of economic opening and the breaking of the oil and telecommunications monopolies.

The PFL also intends to be the largest party in Congress in order to head the approval of the amendments. By June Bornhausen expects to surpass the number of PMDB members, both in the Chamber of Deputies and in the Senate. The PFL has 91 deputies versus 107 of the PMDB, and 22 senators versus 23 of the PMDB.

Six members of the PL [Liberal Party] from the Federal District [DF] joined the PFL at the invitation of Deputy Osorio Adriano (PFL-DF). Adriano reported that the PFL will file a lawsuit against DF Governor Cristovam Buarque (PT) [Workers Party] for financing a demonstration against the constitutional reforms. The PFL is trying to convince Senators Romeu Tuma (PL-SP) [Sao Paulo] and Jose Roberto Arruda (PP-DF) [Popular Party]. In the Chamber of Deputies, the PFL is approaching nearly 20 deputies from the PP, PL, and PTB [Brazilian Labor Party].

Votes—Deputy Jesus Tajra, president of the PFL chapter of Piaui State, who demanded from the party "more work closer to the people, who are receiving distorted information through the trade unions." Tajra asked the party "to anticipate and contest the brazen lies they are telling the people." However, the PFL president answered: "The people elected a president and a new Congress which favor the reforms, and our role now is to ratify them." Bornhausen believes that the PFL should not campaign in the streets, but must guarantee votes to secure approval of the reform.

The PFL will hold an extraordinary convention on 30 June to approve the modernization of its program and statutes. Deputy Manoel Castro (PFL-BA) will propose changes to the party program that was designed 10 years ago by the president of the party at that time, Jose Sarney.

Editorial Views Opposition Role, Government Defeat

PY2803162095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Mar 95 p A3

[Editorial from the "Notes and Information" page: "The Lessons of Defeat"]

[FBIS Translated Text] Considering the nature of democracy, one must agree that the opposition to Fernando Henrique Cardoso's government has the right and the duty to oppose the constitutional amendments sponsored by the Executive Branch. It is inadmissible, however, that the discussion of constitutional amendments should be used by lawmakers to show Planalto Palace they are dissatisfied with the delay in filling second and third-level ministerial positions and positions in some state-run companies. If the opposition beats the government—as in the first case—the Executive Branch must revise its position and see if it has an accurate perception of the situation. If the vote is used to severely punish the Executive Branch—as in the second case—and if it is used as a tricky way to get the president and his ministers make some designations, we are facing a distortion of democracy.

The defeat of the Executive Branch in the constitutional amendment vote for the social security reform involved—through a lamentable coincidence—both sides of the question: Many of the 24 deputies who voted to divide the proposal in two or more sections did not agree with the Executive Branch. For others, however,

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the vote was an inelegant, opportunistic message to President Fernando Henrique Cardoso. The two behavior styles have prompted various reactions among government leaders: The government leader in the Chamber of Deputies praised Congress, saying: "It is not an office at which to register Executive Branch proposals." The PSDB [Brazilian Social Democracy Party] criticized the opportunism: "It is unthinkable that members of parties that claim to support the government should send signals because their demands are not being met. They should have been more transparent."

The victory of the (doctrinal or opportunistic) opposition would have been impossible had the amendment not permitted—within its formal text—objections that technically justified both types of opposition. An impartial analysis of the decision by the Constitution and Justice Committee of the Chamber of Deputies on 22 March showed that those details in the text should be considered as executive branch mistakes. These details were already noted during a discussion on the attempt to prevent claims over acquired rights before the courts.

The doctrinal opposition operates in the streets (as shown by a demonstration of teachers, public servants, and retired workers outside Planalto Palace and the Congress building in Brasilia), apparently with logistical support from the Federal District government, which is ideologically against the amendments. The opportunistic opposition operates silently, some times taking advantage of government leaders' neglect (as in the case of the Senate approval of the 12-percent interest rate ceiling), yet always gathering those who need an excuse to vote against the government while pretending to uphold principles. In the end, if there are positions to be assigned, there can always be one left over... The weight and value of the doctrinal opposition will be evaluated at the time of presentation of the proposal to divide the government-sponsored [social security] amendment. As for the opportunistic opposition, its action is reflected not only by Congress refusing to become an office to register Executive Branch proposals—it is already an office to register provisional measures. Opportunistic opposition action can also seen in that the Executive Branch has no control over its congressional bloc, not even when the bloc promised to calm down in exchange for promises of prompt solutions to the problem of public posts—in spite of the eagerness of some.

The Executive Branch can win or lose. It will win if it can obtain public support for its proposals, which are strongly based on economic-financial reasoning, especially in the social security area. It will lose if it fails to convince the millions of retired workers that they will not give up their rights and that they should not lend themselves to the manipulations by leaders or members of state corporations that do not want to lose their privileges. If it fails to convince retired workers that they will not lose anything, the Executive Branch will fail to convince its congressional bloc that it should support the government without fearing the loss of retired workers' votes.

If this happens, everything will be transformed, and what could have been achieved through appropriate discussion will have to be achieved through agreements which, despite all efforts, will become public, harming the image of he who has always refused to play the kind of game that is unfortunately being played now.

'Murder' of 111 Inmates in 1992 'Massacre' To Be Clarified

PY3103141995 Rio de Janeiro O GLOBO in Portuguese 30 Mar 95 p 7

[FBIS Translated Text] Brasilia—President Fernando Henrique Cardoso has said the Carandiru massacre—in which 111 prisoners were murdered by the Sao Paulo police—is a crime that must be clarified. He added that he will make this massacre an example of the Federal Government's political decision to stamp out violence. The massacre occurred on 2 October 1992. The announcement was made yesterday to Amnesty International Secretary General Pierre Sane. This institution, which defends human rights all over the world, concluded that former Governor Luiz Antonio Fleury Filho was politically responsible for the massacre.

Sane said: "Any measure involving progress in the investigation into the Carandiru massacre will help to prove that there is no impunity in Brazil."

He said Amnesty International will evaluate the government's political will after seeing results of some of the 121 human rights violation cases registered in Brazil over the past 15 years, cases that involve more than 600,000 people.

He said: "The president believes the Carandiru case is the best example to test the new government policy regarding violence."

On 29 March, Amnesty International announced that despite the charges pressed against 120 policemen in the Carandiru massacre, they have never been punished. Beside promising to resolve the case, President Fernando Henrique Cardoso said he endorses the proposal by Justice Minister Nelson Jobim—with whom Sane will meet today—to use regular courts to prosecute military men who commit crimes while on duty. They are currently prosecuted by military courts.

Amnesty International wants to change the "culture" of the Brazilian police because—as it concluded—they sometimes behave as if they were above the law.

Finance Minister Addresses Nation, Praises Real Plan

PY3003233895 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 30 Mar 95

[FBIS Translated Text] Finance Minister Pedro Malan has just addressed the nation over a radio and television hookup. He asserted that utility rates will not go up and that there will be no changes in the dollar market.

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Minister Malan also said that the new increase in import taxes is temporary, and criticized the abusively high interest rates being charged on products purchased in installments:

[Begin Malan recording] You who are listening to me, do not let yourself be fooled by what is normally referred to as easy, small installments. These installments are normally not easy or small. Please do something different: Instead of spending the money now, invest it in savings passbooks, benefit from the interest they will yield and, later on, buy more products. [end recording]

Real Plan Causes Loss of R8.7 Billion to Central Bank

PY3003184595 Sao Paulo AGENCIA ESTADO in Portuguese 0016 GMT 30 Mar 95

[FBIS Translated Text] Since its implementation in July 1994, the real has caused a loss of 8.7 billion reals [R] to the Central Bank [BC] as a result of the difference between the Brazilian currency rate and the dollar rate. The amount of the loss was reported today, at the end of the National Monetary Council (CMN) meeting to approve the BC's balance sheet. According to BC Administrative Director Carlos Eduardo Andrade, this R8.7 billion loss was reduced to R2.4 billion because the BC used its contingency reserves, which is the credit to which the bank resorts in order to honor its debts abroad.

The BC director also explained that 47 percent of overall BC assets are in foreign currency and are corrected by exchange rate variations, while 11.5 percent of its debts are in foreign currency. This means that because of the overvaluation of the real compared to the dollar, there has been a decrease in these assets.

BC President Persio Arida pointed out that these figures refer only to the last six months of 1994. The losses were also high because 67 percent of BC debts are corrected in accordance with the interest rates, and only 35 percent in accordance with the exchange rate variations.

Cardoso Defends Government Changes to Real Plan

PY3103024995 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 30 Mar 95

[Report by Luiz Augusto Mendonca from Planalto Palace; passages within quotation marks recorded]

[FBIS Translated Text] During a meeting with farmers today at Planalto Palace, President Fernando Henrique Cardoso responded to criticism that the government is making changes to the Real Plan at the wrong time, namely, by changing the exchange policy and by increasing import tariffs to stem imports. Cardoso said:

"There was a time during the Cruzado Plan when it became necessary to adopt measures. No action was taken then. The consequences were to come later. Well, I am adopting the necessary measures now. These measures may be tough and unpopular; they may seem to hurt interests, they may hurt interests; but I believe it is my duty to look ahead.

"As we are directing our economy, we are looking far ahead, keeping in mind what could lie ahead, what could happen, and emphasizing our goal of maintaining the stabilization program."

Cardoso said he was elected to implement the reforms, and guaranteed that he will implement them. He added:

"We must show the world and Brazilians that we are serious about what we are doing, that the budget balance we have achieved—and we have maintained it for some time—will not be short lived, that this balance will be stable. I was very sad the other day to hear a remark by the finance minister that was the same one I made a year ago. The minister said that the federal government monthly revenues total nearly 6 billion reals [R] and that, after making transfers to states and municipalities and setting aside revenues earmarked for specific purposes, the Federal Government keeps only R1 billion. Of this amount, R550 million is earmarked for health agreements. This is a small amount. Thus, there remains only R450 million for the entire public administration. We have to improve that."

Cardoso said he was surprised to read newspaper reports that he had ordered a slowing down with regard to the constitutional reforms. He said this is not true.

"I read with great concern in today's newspapers that I have reportedly ordered a slowing down of the pace of the process. My God! I was elected to implement the reforms, and I will implement them. In this endeavor, I need and count on your support."

Farmers of the southern region came to Planalto Palace to ask Cardoso to eliminate the Reference Interest Rate, and to seek guaranteed basic prices for their products. The president told them that the government will do everything it can to prevent the farmers from sustaining losses.

Editorial Analyzes 'Difficult' Budget Cut

PY3003135495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Mar 95 p A3

[Editorial from the "Notes and Information" page: "A Difficult Cut"]

[FBIS Translated Text] The news that the Executive Branch will attempt to cut the budget by 9.5 billion reals [R] is accompanied by speculation that the federal government will propose to Congress maintaining the Social Emergency Fund until 1996 and to reestablish—from that date as a definite measure—a financial operations tax (the old IPMF [Provisional Tax on Financial Operations]). The cut announced at the end of March should

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have been anticipated when the president promulgated—with vetoes and cuts—the budget bill that had been approved by Congress. The fact that there was a first cut followed by the announced need for much larger cuts indicates that something is not on the right track in central government. The announcement also points out that the Executive Branch was wrong when it sent its proposals to Congress introducing economic reforms and for not paying enough attention to its tax and fiscal reform package during the first few months. Because of this—which stemmed from a lack of agreement within the government—the Executive Branch now risks opposition in Congress, which could make the approval of constitutional amendments even more difficult. Those amendments are essential for the economy, although they can have no effect on the 1994 Treasury results. This will be the case even if the reform affecting the social security system is approved, but the approval of reforms cannot resolve all Executive Branch problems.

The Executive Branch would like to use the announced R9.5 billion cut to test the reception of its new fiscal and tax proposal since a good part of the "saving" will be obtained by cutting the voluntary transfer of funds to states and municipalities—which implies protracted political and administrative negotiations with governors and mayors. These negotiations will point to the possibility of forcing heads of state and municipal governments to pressure their state representatives to approve the proposed constitutional amendments. Perhaps this is not the easiest way to obtain the support of governors and mayors (who dream of extending their mandates on the pretext of election schedule problems), particularly the former. We all know the situation of the states is slightly worse than that of the federal government. Besides, the states do not have the same resources as Brasilia to solve problems since to issue public bonds they need Federal Government authorization. On the other hand, we must remember that the resistance of governors may increase because federal revenues are rising.

The reaction to cuts will probably not be positive in Congress. First reactions indicate that information on cuts—and this is an official information—is considered "economic terrorism" against Congress, a kind of reprisal following the division of the amendment on social security. The political difficulties of the Executive Branch will increase if that is the prevailing impression. The difficulties will be as large as the questions—to some extent justifiably so —on the reasons why the privatization program (not the breaking down of monopolies, but the sale of public companies) is moving as slowly as it did during Itamar Franco's administration. The privatization program was one source of revenue on which the executive was counting during 1995, while the tax reform is expected to produce results as of 1996. By going slow on the privatization program—the announcement that Vale do Rio Doce will be privatized will not increase revenues enough to avoid forcing the government to implement the R9.5 billion cut—deputies who disagree with the reduction of voluntary transfers or budget cuts on amendments introduced by deputies and senators, will have plenty of ammunition to throw at the government.

This shows how difficult—politically speaking—it will be for Fernando Henrique Cardoso's administration to find the means to balance the budget. We have the practical experience of some previous governments, including Itamar Franco's administration, which shows how easy it is to administer without issuing money to cover eventual deficits: With a firm hand on the Treasury you only pay what you can using existing money. Nothing else. While this measure is financially successfully it has been politically detrimental, even among the forces that support the government and the states. Even if the governement only pays if there is money, the Executive Branch will have a difficult time reaching its goal: It must convince Congress that it is not using economic terrorism and that—despite presidential approval of the budget—there may be a deficit, which will harm the Real Plan.

CET To Be Changed Following Import Tax Increase

PY3103151695 Sao Paulo AGENCIA ESTADO in Portuguese 2334 GMT 30 Mar 95

[FBIS Translated Text] Sao Paulo, 30 Mar (AE)—Increased import taxes will probably not affect Brazilian imports within the framework of the Mercosur [Common Market of the South]. Carlo Barbieri Filho, the president of the Brazilian Association of Foreign Trade Enterprises, has said import taxes on durable goods from Paraguay, Uruguay, and Argentina (cars and home appliances) will not be modified. The CET [Common External Tariff] that was established among the four Mercosur countries—which is valid for other countries—will be modified.

Barbieri said the four countries have signed an agreement that allows—under exceptional circumstances—changes in the CET on up to 300 products. He said: "Brazil can still increase its list." He said the only problem would be that the decision to suddenly change the import taxes would compromise the Brazilian Government's credibility. Barbieri also believes Brazil may have problems before the GATT (Uruguay Round of the GATT), which established the import tax at 35 percent. He said: "GATT members may feel harmed and ask for financial compensation. But as the government says the measure is temporary, the tax may drop before the discussion even starts."

Increase Termed 'Serious Step Backwards'

PY3103153695 Rio de Janeiro O GLOBO in Portuguese 30 Mar 95 p 21

[By Miriam Leitao from the "Economic Outlook" column]

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[FBIS Translated Text] Yesterday evening's package serves to explain some economic policy options.

First, it represents a step backwards, the largest and most serious step backwards in the Brazilian trade opening. Yesterday's package represents the first sign of a return to protectionism.

Second, the measure indicates that the person who actually is running the economic area is Planning Minister Jose Serra, who has always been more sensitive to the arguments raised by Sao Paulo industry. As everyone knows, the Finance Ministry has been championing more liberal stances on foreign trade, and has assessed that it is the accelerated economic growth, and not an open country, that is responsible for the trade balance deficit.

Third, the government seems at the moment to be more concerned about championing the interests of Sao Paulo industry than maintaining the stabilization program's achievements. Imported goods, as our country's economic authorities have always been saying, have been essential to the stabilization process. Imported goods have stimulated competition and have contributed to keeping prices low even in times of increased demand, like last Christmas. Removing imported goods from the Brazilian market at this moment, when the demand remains high, is a way of allowing national producers to freely increase prices. This is the shortest way to inflation and shortages of supplies. It involves shooting ourselves in the foot.

Following yesterday's measure, we may arrive at the fourth conclusion that Brazil again is treading the dangerous path of lacking economic regulations, untimely changes, surprises, and packages.

Congress Approves Provisional Measure To Prevent Dumping

PY3103163495 Sao Paulo AGENCIA ESTADO in Portuguese 0014 GMT 31 Mar 95

[FBIS Translated Text] Brasilia, 30 Mar (AE)—One day after the government announced an increase in import taxes, the National Congress approved Provisional Measure 926, which rules on antidumping and compensatory rights. With the promulgation of this provisional measure, which is contemplated for the next few days, the government launches a permanent defense mechanism against predatory foreign competition.

Following the approval of the provisional measure at the plenary session, Deputy Roberto Campos (PPR-RJ) [Progressive Renewal Party-Rio de Janeiro] said: "This is a legitimate way to defend the country. Until now, Brazil had no protection against dumping."

The provisional measure establishes that antidumping rights and the compensatory rights—as contemplated by the GATT—will be charged in the country's national currency. The amount will be equivalent to the dumping margin—that is the difference between what the imported product cost and the price of the same product in the country of origin—or the volume of subsidies detected through administrative processes.

Deputy Germano Rigotto (PMDB-RS) [Brazilian Democratic Movement Party - Rio Grande do Sul], the government leader in Congress, said: "With the opening of the economy to international trade, massive imports of certain products occurred before the conditions for marketing were examined. The government sometimes has no way to establish any protection against abuse." The immediate implementation of the antidumping and compensatory rights means Brazil will be able to defend its domestic market against "unfair competition."

Also in today's session, Congress approved Provisional Measure 934, which contemplates new rules for the Administrative Council for Economic Defense (Cade). The Cade board will now comprise one president and six counselors, who will be chosen by the president of the Republic for their proven knowledge and unblemished reputations. They must be older than 30, but need no longer to be younger than 65, as previously established.

This provisional measure contemplates that whenever arbitrary price increases or abusively predominant positions in the market are detected, the Secretariat for Economic Control of the Finance Ministry will summon those responsible to explain within 10 days. If the explanation is not acceptable, the case will be sent to the Economic Rights Secretariat of the Justice Ministry, which will order an administrative proceeding.

Chile

Frei Reasserts Government Program, Rejects Criticism

PY3003155495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 30 Mar 95

[FBIS Translated Text] In addition to reasserting his authority and political leadership, President Eduardo Frei said that the CPPD [Coalition of Parties for Democracy] government program will not be changed. Frei also said that the CPPD administration will be inflexible in the implementation of the economic policy.

In making an assessment of national affairs, Frei committed himself to upholding the modernization process and economic stability and to fighting extreme poverty.

[Begin Frei recording] Last year people criticized me and said that I am authoritarian, that I adopt measures without prior consultations. Last year and at the beginning of this year there were many examples of this sort of criticism. Now people are saying that I am weak. It is neither the one thing nor the other.

We are living in a mature democracy. We have a coalition government, and the administration consults

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various groups of citizens and makes its own decisions. I have shown that I make my own decisions whenever needed.

I want to reassert that nothing has changed. What we have here is the implementation of a government program. In response to recent comments about a new government program, I would like to reassert that there is no new government plan.

The administration's program was clearly explained to the country during the election campaign. We will maintain our economic stability because it is essential in view of the international situation, and because it allows us to meet various situations. We will also maintain our political stability, because it is the basis for achieving development. I reasserted this after returning from my recent tour abroad.

I would like to reassert that we will not alter our economic program to respond to any demands, but I would also like to reassert that our goals are clearly aimed at helping those who have less.

We need to invest at least $1.8 billion. There is full agreement on this figure. The state has its priorities, and the Chilean Government has established its priorities, but we will not decrease our investments in education, health, or in the fight against poverty in order to build sewage systems. To this end we will rely on the efforts of private business.

We take all criticism into account. I am a very critical person, and we are always making evaluations. I do not believe I am a superman [previous word in English], or that I am all-powerful.

Regarding criticism at the domestic level, all I can say is that I have been a senatorial candidate, a senator, party president, and a presidential candidate. Throughout this time no one ever heard me criticize my administration, that of President Aylwin. All you have ever heard from me has been complete, constant, and loyal support for his administration.

Once and for all people must understand that the president should not be giving lectures or passing out daily instructions. Every individual must assume his own responsibilities. People should not be expecting a paternalistic administration, giving out orders and instructions on a daily basis. [end recording]

First Stage of Bilateral Meetings With Brazil Completed

PY2803153795 Madrid EFE in Spanish 0121 GMT 28 Mar 95

[FBIS Translated Text] Santiago, 27 Mar (EFE)—Sebastiao do Rego Barros, the Brazilian Foreign Ministry under secretary, said today that Chile and Brazil have great affinity on international matters. Do Rego Barros said this at the Chilean Foreign Ministry today at the end of the first stage of bilateral consultation meetings. Chilean Foreign Ministry Under Secretary Mariano Fernandez is representing Chile at the meetings.

Do Rego Barros said: "Chilean and Brazilian positions are very similar." He stressed the importance of this type of meetings "to strengthen positions and to discuss matters of interest."

He said Chile's possible entry into the Common Market of the South (Mercosur) has not yet been discussed at these meetings. Mercosur comprises Argentina, Brazil, Paraguay, and Uruguay. He added: "Brazil sees with great interest Chile's entry into Mercosur," and assured: "Chile will one day join us in Mercosur."

Consulted about the current Argentine economic crisis, the Brazilian under secretary said: "We believe Argentina will overcome this crisis because it has adopted very firm internal measures."

He said a meeting of the four Mercosur members began today in Asuncion "to make some adjustments to the common foreign tariff." He explained that this "does not imply a backward step for Mercosur, merely a necessary adjustment to correct situations within the member countries."

Colombia

Government Rejects Burton Proposal To 'Invade' Coca Nations

PA3103033495 Madrid EFE in Spanish 0110 GMT 31 Mar 95

[FBIS Translated Text] Santa Fe de Bogota, 30 Mar (EFE)—The Colombian Government strongly rejected today a U.S. congressman's proposal to "invade" coca-producing nations.

Foreign Minister Rodrigo Pardo said "we must put things in their proper perspective" after noting that U.S. Congressman Dan Burton's proposal is "an isolated position and not the U.S. Government's position." He added that these comments "deserve our absolute and clear rejection."

Colombian Congress President Juan Guillermo Angel said Representative Burton's proposal "is an attempt against Colombia's dignity."

According to Senator Angel, a Liberal Party leader, the proposal "is part of the U.S. imperialist madness because they do not want to recognize their responsibility."

The Colombian Congress president said Burton's proposal "is a declaration of war."

Mario Uribe, president of the Senate's First Committee, gave little importance to Burton's suggestion and said it "is a joke and part of the Republican comedy."

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Another Liberal Party senator, Luis Guillermo Giraldo, said "these are signals from the international community," and "if we do not make progress in the fight against drugs, we should not rule out an invasion, something which I strongly reject."

Giraldo insisted that drug trafficking "is embedded in the country, and eradicating it "requires a heroic operation. If it is not achieved, the U.S. military power could participate."

Justice Minister Nestor Humberto Martinez also described the U.S. congressman's proposal to seize the Colombian drug traffickers in their own territory as "unacceptable".

The Colombian minister said "it is the individual position of a U.S. congressman, which is totally unacceptable from the viewpoint of the country's sovereignty and the way Colombia has been dealing with this problem."

"I believe this has to be given the attention it deserves," Martinez said. He said that what took place in Washington on Wednesday was a small meeting which, according to video broadcast by Colombian television, looked more like a news conference with Colombian journalists.

Security Adviser on Proposal for 'Guerrillas' To Protect Oil

PA3003040795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Mar 95

[Interview with presidential security adviser Armando Borrero by an unidentified reporter on 28 March; place not given; from "Caracol's 0600 to 0900" newscast—live or recorded]

[FBIS Translated Text] [Reporter] Dr. Borrero, what is the advisory board's position on media reports that the government is considering a guerrilla offer to protect the exploitation of hydrocarbons in the country?

[Borrero] Good morning. My comments were taken out of context in last night's newscast. When I was interviewed in Cartagena, I said I could not reject a proposal I knew nothing about. I only said that it seemed interesting to me that [words indistinct] myself making arguments and a proposal regarding the future of the peace treaty. But to say that it has not been rejected [words indistinct] to give an opinion about the contents of the proposal. Today I know more about the issue. The first question I ask is if the guerrillas are going to protect the pipeline, whom are they protecting it from? This seems to be a very difficult issue to resolve.

[Reporter] Dr. Borrero, to be more precise, what is the guerrilla's proposal as the government understands it?

[Borrero] No, I was referring to a proposal made by a group of Ecopetrol [Colombian Petroleum Enterprise] officials who proposed that guerrillas keep their arms in [words indistinct] and that they take charge of, among other things, protection of the petroleum industry. I am unaware of any proposal by the guerrillas in that regard. That is what I referred to when I was interviewed in Cartagena.

[Reporter] Many people in the country were surprised by press reports that Dr. Armando Borrero, presidential national security adviser, said a proposal from oil sector representatives to allow the guerrillas to protect the country's pipelines and oil fields would be studied. That is why we report this concern to you, Dr. Borrero. You told us that yesterday some media reports were out of context. So are you rejecting the proposal you analyzed yesterday in Cartagena and about which you have greater knowledge today?

[Borrero] Yes. As I said, there is a very important matter of logic involved. There is not much sense in asking the guerrillas to protect the oil industry infrastructure if they are the only ones who attack it. Whom are they going to protect it from? I simply said I would not disqualify a proposal that I knew nothing about. It was presented as if I did not reject the possibility that the proposal made by these officials would be feasible.

[Reporter] Within the context of the Samper administration, with what authority do high-ranking Ecopetrol officials handle an issue regarding relations with the guerrillas and their eventual role in protecting the oil pipeline?

[Borrero] The company has reason to be concerned by the attacks on the oil industry. It seems healthy to me for people and institutions which have something to say to say it. Obviously, that does not justify accepting the proposals immediately. They must be open to debate.

[Reporter] Is this the position of Ecopetrol officials, or is it the result of talks between Ecopetrol officials and the guerrillas?

[Borrero] I do not know the exact scope of this issue. [Ecopetrol President Juan Maria] Rendon said it was not a company position. It is probably based on an internal discussion, a document that was prepared and disclosed to the public. I imagine it could be something like that. The truth is that today when I return to Santa Fe de Bogota I will have to learn more details about the issue.

[Reporter] Now that we have you here, Armando Borrero, national security adviser, when are the peace negotiations going to take place, if they take place at all?

[Borrero] That is an issue the president and the high commissioner for peace deal with directly. I am not authorized to give the details of this issue or of any decisions. Obviously, I am committed to the government's policy. The truth is that I do not have any detailed information. The government is being very careful about this issue. We want to handle this process clearly and firmly and as a real option so as not to

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damage the process in haste along the way. The high commissioner for peace or the president can comment on the decisions.

Armed Forces Chief: Forces Monitoring Border

PA3003142895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Mar 95

[Report by Fabio Calleja Ramirez from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] This is a report from Catam Military Airport. Major General Hernando Camilo Zuniga Chaparro, Armed Forces commander in chief, has just told Caracol that Colombian forces are still monitoring the entire Colombian border.

He spoke with Caracol briefly. We are preparing to leave for a tour with Defense Minister Rodrigo Pardo and members of the Senate Second Commission, which will hold a meeting in Fonseca Municipality, La Guajira Department, today so as to be informed of the situation of more than 1,000 Colombian families that have been deported from Venezuela.

Here is the Armed Forces commander, who explains the objective of his trip with the minister and the Senate commission:

[Begin recording] [Zuniga] The border operation is being implemented in a specific manner to guarantee security in the area and to face any kind of threat that may arise. In line with government plans, we have increased the number of troops and have created here the Oriente Unified Command.

[Calleja] General, according to information confirmed last night at Congress by the defense minister, there are indications that Colonel Hugo Chavez has links with Colombian guerrillas.

[Zuniga] I believe there is information allowing us to say with a certain degree of certainty, as the minister said, that such links do exist. [end recording]

We will leave in a few minutes for the tour along the Colombian-Venezuelan border on a Colombian Air Force fighter plane.

ELN Official Threatens Venezuelan, Colombian Armies

PA3003143395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Mar 95

[From the "Seven o'Clock Newscast"]

[FBIS Translated Text] The "Seven O'Clock Newscast" has managed to obtain a copy of the video that priest Manuel Perez, chief of the Army of National Liberation, ELN, sent to Venezuelan President Rafael Caldera last week, threatening the lives of many people:

[Begin Perez recording] The most reactionary sectors in the armies of both countries are guilty, because they have defended agreements that interest and benefit only a few people: the rich and large monopolies holding power. [end recording]

That was the video ELN chief Manuel Perez sent to Venezuelan President Rafael Caldera last week.

On behalf of the ELN and the so-called Guerrilla Coordinating Board, CNG, Perez threatened the Venezuelan and Colombian armies and those described as the rich in both countries, and justified the massacre of nine Venezuelan soldiers killed at the border during the last days of February.

In addition, using Simon Bolivar's name, Manuel Perez told President Caldera that both countries must pay a pending debt with the liberator:

[Begin Perez recording] Citizen President Rafael Caldera: We want to state that we have a big debt with Bolivar. [end recording]

This video, received at Miraflores Palace by means that remain unclear, has increased tension within the Venezuelan Government and clearly indicates the ELN is poised for war and is not interested in the peace process.

Foreign Minister Discusses Border Situation, Narcotics

PA3103044695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Mar 95

[Interview with Foreign Minister Rodrigo Pardo by Pablo Callejas and Dario Arizmendi at the Catam Air Force Base; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Callejas] We are at Catam Military Airport with the foreign minister and members of the Senate Second Committee. We are here to begin a tour of Fonseca Municipality, Guajira Department, to ascertain the situation and verify charges made by a large number of families which have been expelled from Venezuela.

Good morning, Mr. Foreign Minister. You begin your tour at a time when the National Congress is alleging that Venezuelans were involved in the attack on the Cararabo base and that there is a link between Colonel Hugo Chavez and Colombian guerrilla forces.

[Pardo] Good morning. In effect, there is a [word indistinct] of the Senate Second Committee—the foreign relations committee—in Fonseca, which intends to study the government's program to receive Colombian nationals who have been deported from Venezuela, and [word indistinct] to analyze the issue regarding relations between Colombia and Venezuela as it was analyzed yesterday by the Chamber of Representatives.

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[Callejas] Mr. Minister, has there been any more mistreatment of Colombians by the Venezuelan National Guard?

[Pardo] During a visit to Fonseca 10 days ago, the president instructed that such reports be channeled through the bailiff's receivership [la receptoria del baile] of the Attorney General's Office, which has been receiving these complaints. That office will present the Foreign Relations Ministry with a report so we can discuss it with the Venezuelan Government.

[Callejas] Mr. Minister, what is included in the bill the government intends to present to the National Congress on the repatriation of Colombians?

[Pardo] It is a treaty signed over a year ago which creates the possibility for Colombians being held in Venezuelan jails and Venezuelans being held in Colombian jails to be repatriated to their respective countries if they meet certain requirements. They must have served a certain portion of their sentence, have demonstrated good conduct, and have met some conditions. When these conditions are met, the ministry may bring these people back, depending on the availability of cells in the country.

[Callejas] Dario, do you have any questions? The minister can hear you.

[Arizmendi] Minister Rodrigo Pardo Garcia Pena, has Colombia received a reply from the Venezuela Government about the intelligence reports given to Venezuela regarding the contacts and relationship of attempted coupist Colonel Hugo Chavez with the Colombian guerrilla forces?

[Pardo] Dario, we have not received an official reply. We have talked about this issue. We have analyzed the issue together. The important thing about this information is to show that the security issue, which has received so much attention, is common to Colombia and Venezuela. It is not exclusively a struggle or clash between Colombia and the Colombian guerrilla forces but a common problem.

In recent days, the Colombian guerrilla forces have concerned us. Sometimes we have been concerned with other criminal activities. There are kidnappings and drug trafficking on the border. When one is faced with a situation such as that which occurred in recent weeks, one cannot see the forest for the trees in the guerrilla issue. The truth is that the border security issue is much broader. That is the issue the Colombian Armed Forces have been trying to cope with; that is, the plans that have been designed for the agreement of understating and cooperation that has been signed with the Venezuelan Government.

[Arizmendi] Mr. Foreign Minister, people are wondering, if the Defense Ministry, Colombian judicial authorities, and the DAS [Administrative Department of Security] had evidence and strong indications of the subversive connections of coupist Col. Hugo Chavez, why wasn't he arrested during his recent visit to Colombia when he was invited by RCN [Radio Cadena Nacional]?

[Pardo] I have the impression that we have intelligence reports, not evidence. That is what the defense minister said in his [words indistinct] in the Chamber. It is a fact, however, that Col. Chavez has no case pending in the Colombian legal system. The DAS, which is the institution that regulates immigration in the country, may impede the entry of people who have legal cases pending. Since that was not the case with Col. Chavez, however, he entered the country as any other person would who is invited by the media for an exclusive interview. The government did deny the interviews he requested with the president of the Republic and the defense minister.

[Arizmendi] According to reports from our international correspondent in Miami, William Restrepo, today, tomorrow, and the day after tomorrow, the U.S. Congress will debate the certification of 17 nations with which the United States maintains relations to fight drug trafficking. Is the Colombian Government hoping President Clinton will change his position or that he will maintain it?

[Pardo] We hope the certification the Clinton administration has given Colombia will be maintained. At that time, we voiced our disagreement with the reasons for which it was granted. At any rate, we believe the certification makes it possible for our country to maintain normal economic, financial, and trade relations with the United States. From that point of view, it is important for the country. According to our information, the prevailing mood is not to change President Clinton's decision.

[Arizmendi] According to an article published by LA PRENSA newspaper and [word indistinct] Engineer Pastrana, the great debate announced by Senator Helms will begin on 4 April. Does the government know what is going to happen there?

[Pardo] We know that the Senate Committee for the Western Hemisphere, a subcommittee of the committee chaired by Senator Helms, has scheduled a debate. Apparently it has not been discussed by the entire committee. It appears that drug trafficking will be debated. We have observed in a number of recent statements that the drug issue is gaining importance in U.S. domestic politics. That is an issue on which the parties have different viewpoints. That issue is going to be discussed. Obviously, countries like Colombia and others in the region that are affected by the drug problem are going to be involved.

[Arizmendi] Mr. Foreign Minister, Mauricio Velasquez, Radio Caracol's correspondent in Washington, has informed us that DEA Director Constantine's visit to Colombia has been confirmed.

[Pardo] Actually, we invited Mr. Constantine months ago because we want him and other high-ranking U.S.

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officials to come to Colombia on a regular basis. We have a fluent dialogue with them, but we do not want the talks to take place only in Washington, a U.S. city. We would like them to come to Colombia. We want them to witness the policy we have adopted and see that it is a serious and drastic policy that is producing results. We hope that it [words indistinct] because the DEA has many cooperation programs, especially for security organizations and the National Police. He will come. We have invited him to talk about those cooperation programs, how they are being conducted, and their results.

[Arizmendi] Mr. Minister, a few months ago it was announced that Colombia was going to request or take advantage of a redefinition of the role of the DEA in Colombia. Has that materialized, or has it been agreed upon?

[Pardo] We are still working on that issue. We have not finished studying all the alternatives. That issue is pending.

Minister Orders Search Bloc Components To Halt Internal Disputes

PA3003031295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Mar 95

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] Disputes among Search Bloc members have become so frequent that high government officials such as the defense minister and Prosecutor General Alfonso Valdivieso have had to intervene to calm the situation.

Disagreements among members of the Search Bloc and investigators from the Prosecutor General's Office began several months ago.

One such disagreement erupted in October 1994 during an operation against offices owned by the Cali Cartel when the parties fought over possession of confiscated documents. In other words, the police claimed jurisdiction over the seized evidence, and the prosecutors did likewise.

There was another episode in early March during a raid on a ranch owned by Jose Santacruz Londono. On this occasion, a prosecutor accompanying the Search Bloc members said he was not allowed to participate in the operation, which prompted a vehement argument between the groups.

But the clash that surpassed all previous incidents took place during the arrest of Gilberto Rodriguez Orejuela's children. On this occasion, the prosecutor assigned to accompany the Search Bloc expressed his opposition from the beginning on the grounds that there was no arrest warrant.

The clash nearly turned into a fist fight between the prosecutor and Bloc members, who insisted on arresting Rodriguez Orejuela's children.

As if that were not enough, there have also been verbal arguments between the soldiers and police agents assigned to the Search Bloc.

These incidents prompted the Narino Presidential Palace to intervene directly. Two weeks ago the defense minister summoned all Search Bloc heads and strongly reprimanded each of them for the constant quarrels that were undermining their work.

Ecuador

Politicians, Diplomats Reject Fujimori's 'Threats'

PA3103031395 Quito Voz de los Andes in Spanish 2300 GMT 30 Mar 95

[From the "Voz de los Andes" newscast]

[FBIS Translated Text] Ecuadoran politicians and diplomats have rejected the warnings and threats made by Peruvian President Alberto Fujimori, as well as their political origins.

According to media reports, Fujimori said yesterday that the Peruvian Armed Forces are ready to strike a firm and definitive blow against Ecuadoran incursions into Peruvian territory.

Former Ecuadoran President Rodrigo Borja said we must prepare ourselves for these kinds of disagreeable surprises. I believe the Armed Forces are well prepared, and the nation must recognize that they carried out the defense of our territorial interest with great sacrifices, Rodrigo Borja said.

National Congress President Heinz Moeller said we must get used to hearing these remarks from the most belligerent sectors of the Peruvian Armed Forces, which are [word indistinct] belligerent, therefore, we must not be too concerned.

He added that it could be a political action by Fujimori to boost his reelection bid by embarking on a new adventure. We are ready to confront him and defend ourselves as we did in recent weeks and months, Moeller said.

[Words indistinct] of Congress called for unity. We trust that the process in which we are engaged and in which the foreign ministries of the four guarantor countries are interceding will fulfill its objective. We believe that the Peruvian comments are nothing more than an indication that they are not resigned to the process, and that is understandable, Moeller said.

During a telephone interview with an Ecuadoran radio station, Blasco Penaherrera, Ecuador's ambassador to the OAS, said Fujimori's comments are inconsistent. A candidate might be helped by an armed conflict. Penaherrera believes these comments are bellicose and aggressive, or simply [word indistinct].

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According to [name indistinct] he does not attribute any more significance to it than that. Placing Fujimori's comments within the framework of the electoral campaign, the Ecuadoran ambassador to the OAS lamented that Fujimori's candidacy has put him in a difficult position. Penaherrera added that it may become a factor which undermines the climate of relative stability in which the two countries, the two governments, and the two peoples find themselves; a climate conducive to proceeding toward a rational and definitive solution to our differences, Blanco Penaherrera said.

Intelligence Division Disbands Peruvian Spy Network

PA3103020195 Paris AFP in Spanish 0022 GMT 31 Mar 95

[FBIS Translated Text] Quito, 30 Mar (AFP)—Ecuadoran Communications Minister Enrique Proano [title as received] reported to AFP on the night of 30 March that the Ecuadoran Military Intelligence Division had disbanded an apparent spy network formed by Eduardo Ponce Vivanco, former ambassador and current Peruvian deputy foreign relations minister. Eight Peruvians have been arrested and are in the hands of local authorities awaiting trial.

Proano said "the Peruvian spy network, which conducted a large number of activities prior to and during the military conflict (between Quito and Lima troops), was strengthened and extended as a result of work by Ambassador Ponce during his five-year stay in our country."

He added that investigations allowed the dismantlement of the Peruvian spy network and that eight individuals, whom he did not identify, were arrested and will be tried according to international and Ecuadoran law.

On another matter, Minister Proano emphasized that those Ecuadoreans who remain in prison in Peru on charges of espionage were captured at the Quepi River, located at the northeastern border which the two conflicting nations share. The Ecuadoreans were fishing and hunting, activities unrelated to military operations and typical of natives living in the region.

Government Changes Report

PA3103132295 Madrid EFE in Spanish 0402 GMT 31 Mar 95

[FBIS Translated Text] Quito, 30 Mar (EFE)—The Quito Government today corrected a report released some hours ago to the effect that Peruvian Deputy Foreign Minister Eduardo Ponce had established an espionage network when he was Peruvian ambassador to Ecuador between 1989-94.

Enrique Proano, Ecuadoran public works and communications (SENACOM) minister, accused Ponce of these activities during an Ecuadoran evening television newscast. He also said Ecuadoran authorities will prosecute eight Peruvians, because there is proof they were members of the network.

Shortly thereafter, a brief SENACOM communique "denied" the current Peruvian deputy foreign minister had directed "an espionage network, which is now being dismantled by the Ecuadoran authorities."

"SENACOM stated the divulgence of the report on former Ambassador Ponce's alleged involvement was prompted by a misinterpretation by an unauthorized government employee," the communique concluded.

Newspaper sources attributed the denial to a request by Ecuador's top military and political authorities as a means of contributing to the pacification process Ecuador and Peru are carrying out.

The armies of both countries staged an undeclared war between 26 January-28 February along an undemarcated strip of the Amazon border. Regarding that strip, there is now an agreement that includes a cease-fire, the withdrawal of troops, demilitarization, and military demobilization under the surveillance of military observers from Argentina, Brazil, Chile, and the United States.

Paraguay

Wasmosy Urges Meeting Between U.S., Blacklisted Countries

PY3003143095 Asuncion NOTICIAS in Spanish 30 Mar 95 p 11

[FBIS Translated Text] During the opening ceremony of the Americana University, President Juan Carlos Wasmosy last night denied that U.S. Ambassador Robert Service had given him a list of the names of the most important drug traffickers in Paraguay as has been published in several newspapers.

The chief of state challenged the journalists to ask Service, who was also at the ceremony, to confirm he had not submitted any list. "There is Service," Wasmosy said pointing to the ambassador, "we can ask him" (if it is true that he submitted a list to the Executive Branch of the names of the country's most important traffickers).

"If he (Service) were to give me a list I would thank him," Wasmosy said.

Asked if the U.S. Government has declined to talk with the four countries it considers "weak" in their fight against trafficking, Wasmosy said the Washington administration has not declined.

"The has not been a negative (U.S. answer for dialogue with Paraguay, Bolivia, Peru, and Colombia—the countries that have been put on President Bill Clinton's blacklist). An opportunity is being awaited, that is all," Wasmosy said. He indicated that the Foreign Ministry is

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organizing the agenda for dialogue between the four "weak" countries and the U.S. Government.

Wasmosy officially asked the U.S. President for a meeting with the "weak" countries to clarify aspects about the antidrug fight in each of the countries.

The United States has not yet answered the Paraguayan president's request.

Drug Enforcement To Continue 'With or Without' U.S. Help

PY3003143895 Asuncion ABC COLOR in Spanish 30 Mar 95 p 7

[FBIS Translated Text] On the evening of 20 March, Foreign Minister Luis Maria Ramirez Boettner stated that "Juan Carlos Wasmosy's administration intends to combat drug trafficking with or without the United States' help." This was his reply to a question about the Clinton administration's decision to reject the proposal made by Paraguay, Bolivia, Colombia, and Peru to hold a new summit on drug enforcement.

He noted that the Paraguayan Government is "very seriously" analyzing the U.S. refusal to meet with the four Latin American countries that this year were "blacklisted" because of their insufficient efforts in fighting drug trafficking.

The foreign minister subsequently made it clear that our country will not fight against this scourge at the behest of the United States, but rather because drugs go against our way of thinking or behaving. "We are thus going to continue our drug enforcement operations," he added.

Asked whether the issue will be brought up once again, Ramirez Boettner replied that there are ongoing contacts between the Wasmosy administration and the United States. He pointed out, however, that he opposes the classification into which our country was put in the report the U.S. Department of State submitted to the U.S. Congress on 1 March.

He said: "We believe that it (the inclusion of Paraguay on the 'blacklist') is unfair. Moreover, I think that within the State Department there are some who totally oppose the views aired by that department."

Robert Gelbard, U.S. assistant secretary of state for international narcotics matters, announced in Washington, D.C. on 29 March the U.S. decision to reject holding another summit with the four blacklisted South American countries.

Peru

Diplomats Briefed on Position Regarding Ecuador

PY3103013595 Madrid EFE in Spanish 2217 GMT 30 Mar 95

[FBIS Translated Text] Lima, 30 Mar (EFE)—Ambassador Jorge Voto Bernales, political affairs director in charge of the Foreign Relations General Secretariat, today met with representatives of the diplomatic corps. He talked about Peru's position in its conflict with Ecuador.

During the meeting at the Foreign Ministry, Voto Bernalez reiterated the Peruvian Government's firm determination to find a definitive solution to the problem and to conclude the demarcation of the border, strictly within the framework of the Rio de Janeiro Protocol and fulfilling the commitments assumed at Itamaraty and Montevideo.

Voto Bernalez used maps and other visual aids to brief the diplomats about the historic and legal titles supporting Peru's sovereignty in the conflict zone.

The Foreign Ministry issued a communique saying that Voto Bernales briefed his audience on the characteristics of the conflict, according to the Rio de Janeiro Protocol and the Bras Dias de Aguilar decision, which prove that Ecuador is the aggressor.

The diplomat talked about other aspects of the conflict, such as the permanent policy of "aggression and harassment" directed against Peruvian citizens by Ecuadoran police and military authorities, as well as the "violation" of the most elemental norms of humanitarian international law and human rights protection.

The ambassador called the attention of his listeners to the fact that even though Ecuador recognized the Rio de Janeiro Protocol and its mechanisms, it continues its aggressiveness against Peru. The ambassador said that this aggressiveness is shown by Ecuadoran political and military authorities' attitudes and the absence of any Ecuadoran conciliatory gesture.

The ambassador noted that the Ecuadoran political leaders decided to recognize the Rio de Janeiro Protocol while simultaneously stressing that it is not valid and that it is partially inapplicable.

Voto Bernalez said we cannot rule out the possibility that such recognition is an Ecuadoran "ploy" to weaken the Rio de Janeiro Protocol with juridical and politically impossible norms and aspirations .

"Peru expects that the international community will make Ecuador understand there cannot be a just solution without recognizing the law, or a truly honest solution without respecting the given word," the diplomat concluded.

National Consensus, Security Assessed

PY3003184095 Lima EL COMERCIO in Spanish 22 Mar 95 p A2

[Commentary by Manuel Moreyra L.: "National Agreement and Security"]

[FBIS Translated Text] In March 1995, there is less security on the Peruvian border with Ecuador than six

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months... or six years ago. We could even say we are worse off than ever since the Rio de Janeiro Protocol was signed on 29 January 1942.

This situation could not be more absurd in view of the validity of our legal and historical rights (compared to the weakness of the Ecuadoran rights). However, this is the situation and we must confront it and adopt the necessary measures to correct our neglect (again compared with the firm determination of our northern neighbor.)

I will try to free this commentary of any political motivation although this may be rather difficult considering the conflict took place three months before the elections in which the chief of state of all the Peruvians, the president of the Republic, is a candidate for reelection with the support of only one sector of Peruvians. (This was obviously considered by those who planned the attack.)

The first point that calls our attention is the fact that we are gradually less interested in the various interpretations of the validity and whether or not the Protocol (nobody doubts it is in force) can be implemented. Many regard it more as an obstacle than a threat. This attitude comes from the past but it has gained strength with time. Too many Peruvians believe this is a problem that must be handled by the diplomats and, if necessary, by the military. Few, fortunately, regard it as something secondary: as a "few kilometers" of a thick and distant jungle lost in the midst of hundreds of thousands of uninhabited kilometers.

My way of seeing the most worrying phenomenon since October-November 1994 (when the government confessed that "it learned" today of the Ecuadoran invasion) is that no effort whatsoever has been made to handle this menace as if it threatened all Peruvians. Not even when the conflict resulted in armed confrontations did the government seek the people's consensus for an agreed response. (By consensus we do not mean a unanimous consensus which is impossible to achieve, but the overwhelming support, which delegitimizes dissidence). It is even more surprising that the absence of the quest for a single agreement did not prompt a general complaint. Was it not obvious that the confrontation concerned not only the current government? Was the Executive Branch not signaling an obvious weakness by its voluntary "cloistering?" Is it not a condition for victory that in any foreign conflict the government must have the support of all its civilian citizens if it is to obtain the best diplomatic and military performance?

What a difference in Democratic Chile, for instance, where significant international issues are discussed by all political groups represented in councils where a discreet debate leads to a national position! Did the Chilean Congress teach us a lesson, because after the signing of the Lima Convention it declared that—unlike the Peruvian Congress—it did not need more time in the Chamber of Deputies because it had been reviewed and approved before the signing by the Executive Branch?

What a difference from Ecuador where from the very beginning of the conflict the plenum has been in session, informed in detail and on a daily basis by the government; where all former presidents and main political leaders were immediately called to a dialogue; where, thanks to this (and to continuous publication of their aspirations) the Executive Branch enjoys an enviable consensus around the theory it defends.

Our foreign minister did not summon even once, (although given the level of danger the president should have summoned it) the civilian organization that must give its specialized opinion: The Foreign Relations Consultative Council. Congress—which is believed to represent the people—has not held one session (and remains in recess). There was no hint of an attempt to gather privately all Peruvians with experience on the issue. The result was a "moderate dialogue" among deaf people through the press with more than one excess which would have been better avoided, while the president-candidate could not differentiate between his actions as chief of state and those he carries out in an attempt to make his electoral campaign prevail.

This is not the only point that needs to be corrected; but it would be an excellent start. In the months and years to come there will be tremendous pressure on Peru to do the impossible to satisfy an aggrandized Ecuador. Its effective propaganda presents it as a deprived and weak country that demands something reasonable: the revision of a treaty which is at least partly inapplicable. We know that both extremes are false and that in a serious debate Ecuador is doomed to lose. But we cannot overlook our disadvantage before international public opinion, and the fact that many are fed up with a conflict they do not understand and which they consider worn out.

Peru has history and the law on its side. It became an independent nation in 1821 with Guayaquil, Tumbes, Jaen, and Maynas as its circumscriptions, represented in its Congress and with officials designated by Lima. Except for Guayaquil, which Bolivar incorporated to the Great Colombia in 1822, the situation of the other three cases has remained unchanged. The "Spanish Documents" of 1810 (commonly and mistakenly known as "Uti Possidetis Jure"), state that the basis of all boundaries within South America—Guayaquil, Tumbes, and Maynas—were Peruvians in 1821 (according to the Royal Letters of 14 July 1802; 7 July 1803; and 10 February 1806) leaving aside only Jaen on which a law contrary to that of Guayaquil is applied. Ecuador came into existence only in 1930 when the Nueva Granada Confederation was dissolved without including among its constitutive provinces neither Tumbes, Jaen, or Maynas, which have never been Colombian, by the way. The only valid treaty (ratified by the two congresses) prior to the Rio de Janeiro Protocol between Peru and Ecuador is

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the so-called Pando-Noboa of 1832 which, without establishing the precise limits between the two countries, accepted in its Article 14 the territorial "status quo" of 1821. Ecuador has never owned a port or town in the Maranon-Amazonas area.

In 1936, after a long history of demands and conflicts, a line was drawn (the Act of Lima) establishing the effective possession of both countries in Tumbes, Jaen, and Maynas. In 1942, based on that act, the Rio de Janeiro Protocol of Peace, Friendship, and Limits was signed. This protocol, freely approved by both congresses (that of Ecuador comprised representatives elected before the 1941 conflict. It voted its ratification when Peru withdrew from the Provincia del Oro), established the border for good. Based on the UN Vienna Convention on International Treaties (1968), this border is unquestionable, unmovable, and definite, and the rulings of Foreign Minister Aranha and of Geographer Dias de Aguiar are of the same nature. Thus, all doubts have been resolved along the 1,675 km of border. Said protocol, which is perfect in itself, is guaranteed by the signature of four American powers [Argentina, Brazil, Chile, and the United States]. It is a just document considering the reasons briefly outlined, and straightforwardly respects the 1936 possession. No Peruvian has remained in Ecuadoran territory or vice-versa, which shows the absence of unredeemed territory which is a single fact which stresses the sacrifice of Peru which preferred, for the sake of that objective, to give up its border pretensions in Maynas in the regions of Canelos and Quijos up to the triangle of the Sucumbios.

This is absolutely applicable because it was learned in 1942 and 1945 (Dias de Aguiar ruling) that the irregular nature of the terrain which is today claimed by Ecuador was overlooked; the Peruvian claims are overwhelming. To make them prevail they only need to be publicized, supported by an effective foreign policy, and an outstanding national consensus forged around its defense.

It is up to everyone—especially the president—to seek this agreement for the good of our security.

Venezuela

Payment Guaranteed for Private Sector's Foreign Debt

Caracas Venezolana de Television Network in Spanish 0200 GMT 29 Mar 95

[Report by Zayda Pereira from "The News" newscast—passages within quotation marks are recorded]

[FBIS Translated Text] The government is guaranteeing payment of 90 percent of the private sector's foreign debt, which amounts to $1.5 billion, according to official estimates.

Venezuelan Central Bank President Antonio Casas Gonzalez said that payment of private foreign debts must be a priority and that those who have foreign debts must try to refinance them.

At a forum on monetary policy and foreign trade, Casas said the country's foreign exchange available right now is sufficient for seven months of imports, but foreign exchange is not eternal and must be managed rationally for this reason. He termed as viable Maza Zabala's position that enterprises with liabilities abroad may seek ways to refinance them to secure extended terms:

[Casas] "We have to give priority attention to matters of national interest; those of interest to small groups that are able to obtain luxury items are a lower priority."

The president of the Chamber of Commerce of Caracas, Eduardo Gomez, believes priority designations would be a step backward and would make exchange controls more difficult instead of making them more flexible:

[Gomez] "There are suppliers abroad who exhibit much inflexibility and make demands regarding foreign liabilities; this has limited economic activities in certain cases."

Meanwhile, the economic cabinet guaranteed the government can grant foreign exchange to cover 90 percent of the private foreign debt, which is approximately $1.5 billion:

[Economic cabinet member Samuel Wilhelm] "There has been talk about refinancing the debt, because certain debtors have significantly large debts and face peremptory payment deadlines. We suggest the debts be refinanced in these cases."

Domingo Maza Zavala, a member of the Exchange Administrative Board, said that if all debtors were to request foreign exchange at the same time, they could not be paid:

[Maza] "This is up to the government, in line with a decree. The government has to set the country's economic priorities so we may administer our resources destined to imports."

Finance Minister Interviewed on Economy, Political Role

PA3103043995 Caracas Televen Canal 10 in Spanish 1400 GMT 26 Mar 95

[Interview with Venezuelan Finance Minister Luis Matos Azocar by Jose Vicente Rangel at the studio in Caracas; date not given; from the "Jose Vicente Today" program—recorded]

[FBIS Translated Text] [Rangel] Our question with respect to the social benefits system has been left pending. This is an issue that has everyone confused, including the business and the labor sectors, but mostly labor. What is Minister Matos Azocar's opinion on the issue?

[Matos] Well, first, in breaking a current myth stating that the social benefits system should be left untouched, I believe that this is something perfectly...

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[Rangel, interrupting] You believe that it is all a myth?

[Matos] In a certain sense there is a myth. There are sectors contending that social benefits are to be left untouched because they belong to workers. Whenever I carry out an analysis of the system, I tend to tell workers, first, that in general, social benefits are managed by corporations. When a company goes bankrupt, workers tend to lose their social benefits, or else they obtain the company's equipment and do not know what to do with it. Second, the manner in which the retroactive nature of social benefits was initially designed, never took into consideration inflation levels such as the ones modern economies are experiencing. I have said on occasion that the mere determination to hold on to a social benefits system is something akin to grabbing a block of ice while standing in the Plaza de [word indistinct]. We are holding on to something by which workers believe they have funds in the system to guarantee their future, but what has really taken place is that the funds have eroded through time because of inflation. The idea, what we are seeking, and this is a recommendation made by the commission appointed by the president, is to design a strategy that will solve the problem in such a way that the value of workers' incomes throughout time will not erode. We also seek to have firms not have any liability problems such as the ones that tend to develop whenever retroactive payments that were never included in previous years' balances are made. These are some of the problems, for example, that we plan to address.

[Rangel] Going back to the inflation issue. We still have the liquidity imbalance issue to contend with. How can we cancel it? How can we deal with it?

[Matos] In the next few weeks, U.S.-dollar denominated instruments will be placed in the market. The placement schedule has already been prepared, and we hope that this will help to drain excess liquidity from the market, which, by the way, is eager for any type of investment. Experts estimate that the current excess liquidity totals approximately 300 billion bolivares. The placement we are planning will be approximately equal to $1 billion, which means that we are talking now about nearly 170 billion [currency not specified]. On the other hand, as part of the new adjustments to the economic program we also plan to introduce a system of flexible currency exchange for exports, which has already been agreed upon with the Exchange Administration Board. This system also allows bolivares to be converted into U.S. dollars, which is simply another mechanism to drain liquidity from the market.

[Rangel] There is a commentator, Sebastian Edwards, who has carried out an evaluation of the Venezuelan economy. He contends that the Venezuelan inflation includes another type of component which he describes as inertial inflation [inflacion inercial]. According to Edwards, this type of inflation tends to drag on year after year, is of a psychological nature, and can be attributed to the political and social situation. What is your opinion of that point of view?

[Matos] I believe it is correct. If we break down the inflation element, we will find three components: inertial inflation, cost inflation, and demand inflation. Basically, in Venezuela's specific case, we will find that currently what predominates is inertial inflation and demand inflation. The inertial inflation is related mostly to expectations. For example, let us say that a devaluation is looming, then the economic intermediaries will begin to estimate prices in terms of a possible devaluation. One of the elements of the proposal about to be unveiled in the next few days is how to definitely break with that psychological element and prove that we are determined to continue with the current exchange rate, at least for now, until we are able to ascertain that inflation has been controlled. We also want to show that the government is disinclined to solve the fiscal deficit through permanent devaluation mechanisms, which is something that also tends to create psychological factors. I believe that because of our determination to cut the deficit and to settle with the current exchange rate, the inertial inflation barrier mentioned by Edwards will be overcome.

[Rangel] I can mention several specific points. Constitutional allotment for ministries and states, for instance. What type of control has been established? The impression at present is that there is considerable lack of control on the utilization of such a large amount of resources. Then we have decentralization, which is a determining factor because it is the state governments that are handling this revenue. How does the Finance Ministry view this problem?

[Matos] I said in the Senate's Finance Commission this week that I see this as a general problem of a government—and this is historically true—and a congress that handles a budget close to 3 (?billion) bolivares without the instruments necessary to determine how this budget is being executed and how efficient it is. There is a program called Public Finances Control System. For the first time, the Comptroller General's Office, the Finance Ministry, the Treasury, and the congress will be able to determine how such a large amount of money is being spent. Of course, we also have the case of the state governorships, but we will discuss it later. Another project, which we have advanced considerably, is the Treasury Bank. I will give you just an idea, according to our first estimates. Because the government, unlike at the beginning, is not managing public finances through the Central Bank; the government has been transferring resources to ministries and governorships. These resources are deposited in banks. Sometimes through corrupt mechanisms, such deposits earn interest at rates much lower than they should have earned. If we create the Treasury Bank, we could save close to 100 billion bolivares every year for this concept alone. This is another way we plan to handle the finances. Now, in the case of the governorships, we have found—and we have the figures to prove it—that a number of governorships have been depositing their funds in banks. We will ask

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them about their spending plans and then the governorships will receive the amounts that the Treasury must give them.

[Rangel] Along the same line of controls, let us consider the oil industry. Some believe that this is one of the last remaining sanctuaries of secrecy in Venezuela. Military secrecy has disappeared but oil secrecy remains. The oil industry is a sort of black box. No one knows exactly what kind of investments are being made, whether or not such investments are justified, what type of contracts are being signed, the operation of the oil companies. For instance, it has been reported that in 1992, Exxon obtained profits for $150 million with 60,000 employees throughout the world. The same year, Pedevesa [Venezuelan Petroleum, Inc.] obtained $15 million, this is to say, more than $100 million less than Exxon, with 45,000 employees. Oil companies pay taxes, but some fiscal authority should look into what is going on at present. Anything about this particular subject?

[Azocar] Yes, of course. I share your view completely. Companies share several weaknesses throughout the world. Everywhere, the existence of a corporation is partly based on the premise that those who earn more and who receive specific profits must pay taxes. But what has been happening in Venezuela? Because we are a loose society, this fundamental premise does not exist. One way to control inflation and prices in the United States is through income taxes. In the United States, businessmen would rather have you receive good service than speculate on prices. In the end, they reason, this money would end up at the U.S. Treasury. This is true because the income tax system works. Fortunately for us, we have a project, (?CENIAP) [expansion unknown], which is operating very well. A special (CENIAP) unit is being contemplated to look into the various aspects of the oil industry problem, such as true profit and the operational cost system. In addition, as part of this fiscal reorganization we plan to make, the government will demand that the oil industry apply the same restrictions we are applying on other government sectors.

[Rangel] Will foreign exchange controls be more flexible? Will controls be eliminated?

[Matos] Fortunately, there are foreign exchange controls. Today, we see the example of Mexico, and what is about to happen in Argentina, where a situation of destabilization prevails, and the situation in other countries. Just as many things the government does are not recognized, we can say that we are fortunate that the government decided to implement the foreign exchange control system. Today, operational reserves are approximately $12 billion... [pauses] operational reserves are $7 billion, and total reserves are $12 billion. This means that we can perfectly well—this is part of the adjustment plan, of the PERE [Economic Recovery and Stabilization Program]—adopt more flexible foreign exchange controls. We will begin a flexibilization process. We will use a mechanism to...

[Rangel, interrupting] What would that mean?

[Matos] This would mean... [pauses] At the beginning we established a system in which everything was subject to previous controls. Now we will implement a system similar to the one in Colombia, which is almost unnoticed. It could be seen as a system of post controls. Under the new system, a businessman can import, prepare his quarterly budget, and only afterward will we confirm if he reached the goals of his annual import program registered in our computer system. There is another system already being used by regular importers. In the past, for example, in order to import something, such as a book or a spare part costing $100, $20, or $50, it had to be authorized beforehand. Now, importers can request up to $5,000 from the bank, and the verification is done afterward. That is what we call simplification.

[Rangel] What about travelers?

[Matos] With regard to travelers—the Foreign Exchange Board has already made the announcement—in the next few days, travelers to Miami, who were mostly affected... [pauses] I am talking about the ones who really traveled, because there is a list of people who never traveled. Quotas will be expanded in the next few days, probably more through the use of credit cards than cash.

[Rangel] Will there be a devaluation?

[Matos] No, there will be no devaluation. I am not saying this like the British finance minister who had the decree in his pocket while he was being interviewed in a program like yours, but left... [pauses] There will be no devaluation. Why? Because our policy against inflation is based on the foreign exchange rate.

[Rangel] Sure?

[Matos] There will be no devaluation at this time. I cannot say what will happen in the future, but for the time being there will be no devaluation.

[Rangel] You are known as a difficult man. You resigned from President Lushinchi's cabinet; you had some disagreement and left the government. Could a similar situation occur now or at a given time with President Caldera's administration? Is there any confrontation?

[Matos Azocar] Well, first of all...

[Rangel, interrupting] Taking into consideration that at that time you were a member of the president's party, the Democratic Action Party. You are not a National Convergence member, you are not a Social Christian, I do not believe you are a Calderista either. You are a [word indistinct] member of President Caldera's cabinet.

[Matos, laughing] There are two main factors here. First, after I had decided to withdraw from the political struggle, I got close to President Caldera when I saw him fighting for workers.

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I found that to be gratifying. Since then our relationship has been based on respect for his style and personality.

We have managed matters in such a way that analyses and decisions are adopted by the team. I can tell you that I do not foresee any kind of confrontation of this nature. I did have this kind of confrontation in the past because some principles were involved at a certain moment.

When you are minister, you can be flexible but not when principles are involved. My belief was completely opposed to the ideas of President Lusinchi and for this reason I decided to separate myself from that situation. I do not foresee this taking place now. President Caldera adopted this decision. I cautioned him: Mr. President, please realize what kind of decision you are adopting.

Lusinchi had been afraid of adopting this decision. Carlos Andres Perez offered me all sorts of ministry posts except the Finance Ministry. President Caldera has made me coordinator of the economic cabinet. He has told me: Please manage the most important economic decisions with the rest of the team. Of course, I consult with him on strategic and political matters.

[Rangel] What do you think moved Caldera to adopt this decision? Was it desperation, anxiety?

[Matos] There are two things we have to mention: The name of President Caldera's government program was taken from a speech of mine during which I asked him to sign an agreement not with the IMF, but with the Venezuelan people. I think this is an important element. The other element is that this is a historic moment when the finance minister must be linked to no group. This is perhaps one of the characteristics that allows me to function as an equilibrium factor. The minister must be linked neither with labor—and I am not linked to labor despite my work with the labor sector, because my work involved a relationship of respect—nor with the enterprise sector.

I think the president reasoned this way: Let us assign someone who can function with autonomy from the various sectors because the state must be above intergroup conflicts.

[Rangel] You have a Democratic Action [AD] origin, politically speaking. Your father was an AD labor leader. This turns you, presumably, into some sort of hinge in the government, a hinge between the Caldera administration and today's AD, under Alfaro Ucero, with whom you had, I believe, some disagreement, but that was resolved. Are you this key element that links the government and the AD, in the economic aspect, at least?

[Matos] No. I will be perfectly honest. I have a good relationship with all the political sectors, not only with AD. This is evident every time I visit congress. There is a relationship based on respect and understanding. I think this has to do with the situation in the country. My role in the government does not have to do with political relations. This is managed by the president. This does not mean I do not have good relations with the AD, the Social Christian Party, the Radical Cause Party, the National Convergence, and the Movement toward Socialism.

Finance ministers, who need much support in Congress to get their bills approved, need these good relations. Politics, though, are managed fundamentally by President Caldera.

[Rangel] The best way to do politics is in a subtle [subliminal] manner. In Latin America we have the case that the Finance Ministry, or the Economy Ministry, is becoming the launching pad for presidential nominations when the work of the finance or economy ministers is successful. There is the case of the president of Brazil. Could Matos Azocar become a candidate? You have spoken about the sympathy that surrounds you at given moments and about you not facing much political antagonism. Could this encourage you to seek a nomination in the future?

[Matos] I would say that this sympathy would end the moment any of these sectors perceives I have the intention to use the Finance Ministry as a political launching pad. I think this sympathy, this receptiveness, exists because everybody understands that my aim is to contribute to the solution of one of the most difficult situations the country has endured. I can tell you, with my hand on my heart, that I have no aspiration to become president. I do not aspire even at returning to congress. For the time being, I just want to work for this government. The government needs us Venezuelans to work as much as we can.

I would say that if I were a candidate, rivalry would become a disturbing factor, and many things that I am getting accepted or approved would suffer. Let us hope that any idea of this nature disappears completely from the scene.

[Rangel] What message of encouragement can you give the people on the street who are confused and have been struck hard by the economic situation?

[Matos] To speak in a plain language, I understand that we have been flying in all types of turbulence. I also feel that we have great opportunities. Venezuela has a great potential. The real problem is how to act with a sense of commitment. In this particular instance, it is very specific and deals with the economy. I do not think the people are interested in theory but in having on their tables the basic food they require to survive. The government should at least be assessed on the effort we will make in this direction. The people should not find a hesitant government. Perhaps the key to this problem—and I have said this before—is to know that there is a finance minister, myself in this instance, willing to defend the society's weakest sectors, and not out of demagoguery or populism. We will immediately react to any actions that harm these sectors. I will complete my thought. Someone asked about the coming economic

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program's social policy. I said: There will be no separate social policy as such. It has been included in the economic policy. I am concerned over employment, salaries, investment, entrepreneurial capability, and training. Therein will lie the fundamental projects we will initiate shortly. Thank you.

Prosecutor Interviewed on U.S. Legal Pact

PA3003180795 Caracas EL UNIVERSAL in Spanish 27 Mar 95 Section 1 pp 14-15

[Report on interview with Venezuelan Prosecutor General Ivan Dario Badell by reporter Carlos Croes; place and date not given]

[FBIS Translated Text] The prosecutor general asked to make one thing clear before the interview got under way: The agreement signed with the United States does not establish the extradition of bankers, but it does provide for freezing assets, accounts, and even court proceedings in that country.

I have known him since I was a child, and I believe he watched me grow up in the press corps. He is still the same—detached, sometimes cold, certain he does everything right. He has not even had one sleepless night because of the Carlos Andres Perez trial.

He came to be prosecutor general "the hard way." Unlike many, he developed along with his judicial career, beginning when he was a court reporter in the court of Agustin Andrade Cordero. Many years have passed since those days. I would venture to say that Badell is about to become a septuagenarian in a nation of young people pressured by the restlessness of truly frightening social poverty.

Now he must follow the bankers very closely and monitor their punishment, although he owes none of them nor did he lose any money in the government's bank interventions or takeovers.

He confessed that the little he has is safely put away, and he is not an ambitious person.

[Croes] Do you have any money?

[Badell] No, I do not, but I do not live poorly, either.

Nothing frustrates him, and his only ambition is to leave the Prosecutor General's Office satisfied by a job well done.

[Croes] Is it your job to charge Perez and have him pay a portion of the 250 million bolivares.

[Badell] Yes. We are seeking more evidence for the next stage of the trial. The thing is this: We at the Prosecutor General's Office must be like fish and not let anyone know when we are getting a drink of water.

[Croes] Could it be that you yourself feel like a fish about to be caught?

[Badell] No.

[Croes] Perez said, according to his financial statement, he only has 8 million bolivares.

[Badell] "If he has no money, then his heirs will have to pay."

Badell spoke as calmly as one who watches the rain fall. When we interviewed him, there was a heavy rainfall over Caracas. The streets were flooded because of the sewers were backing up. Everything was a mess, and the prosecutor general said Venezuela was in a mess. Thus went our conversation:

[Croes] People are not clear about what exactly that agreement you signed oil and where is. [sentence as published]

[Badell] The agreement is called the Mutual Justice Administration Assistance Treaty [Acuerdo de Asistencia Mutua para la Administracion de Justicia], and it deals with banking, financial, and related institutions. It calls for promptly receiving evidence regarding alleged illegal activities at banking and financial institutions.

[Croes] Yes, but what activities, and what are Venezuela's obligations to the U.S. State Department?

[Badell] According to the agreement, if I were to need certain evidence in the United States, because a certain transaction was handled through a banking institution established in the United States, I am entitled to use the mechanisms set forth by the agreement, meaning the Justice Department, to obtain this evidence.

[Croes] Can you gain access to the accounts of a U.S. bank known to hold such an account?

[Badell] We could obtain evidence needed in a case being prosecuted in Venezuela through the U.S. authorities by presenting what we could call a request. I would convey this request to the U.S. authorities. The same is true when the United States needs certain evidence to substantiate criminal charges in the United States, resulting from these people's illegal activities there and which could be of great help in the proceedings.

[Croes] Does the agreement include freezing accounts and assets?

[Badell] Everything. It covers all preventive actions found in Venezuelan and U.S. laws.

[Croes] Is the United States obliged to freeze the assets of a person facing criminal charges?

[Badell] Absolutely.

[Croes] Can we ask for the money to be forwarded to us?

[Badell] We should point out that this agreement is not necessarily related to extradition. It is separate from the extradition treaty now in force between the United States and Venezuela.

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[Croes] In other words, if a Venezuelan citizen has an account or assets in the United States, and if it is proven he committed a crime in Venezuela and enough evidence is provided, can Venezuela demand the confiscation of those assets?

[Badell] It can be done if the person is tried in the United States—in other words, if someone commits a crime in Venezuela and, as a result of that crime, also violates U.S. laws. As you know, there are U.S. laws controlling financial activities, specifically money laundering. Consequently, if it is determined in the United States that the money was obtained through illegal activities or from money laundering, as they call it, the United States can perfectly well exert penal actions against individuals involved in money laundering in the United States. As a result, they can be tried in the United States, and at the same time they could be tried under Venezuelan laws if those crimes in were committed in Venezuela.

[Croes] In the case of bankers who manage banks in Venezuela, what type of crimes can be reported to the United States so that legal action can be taken against them?

[Badell] If they violate U.S. laws, or if U.S. authorities are deceived as a result of money laundering in the United States, they can be tried in the United States.

[Croes] In the case of a banker who is not charged with money laundering but is accused of mismanaging a bank and sending money to the United States, how would this crime be handled?

[Badell] Well, the banker would have to prove his banking activities in the United States were legal. If he has lied or has not told the truth about the real origin of his funds, and if the money was obtained through illegal and illegitimate activities in Venezuela, he could very well be tried in the United States.

[Croes] Can Venezuela demand compensation from that banker? In other words, if the bank has gone bankrupt, the banker has transferred funds to the United States, and Venezuelan rights were harmed... could Venezuela demand compensation from that banker and have his funds sent back to Venezuela?

[Badell] Venezuela would not demand compensation but, instead, exercise pertinent actions in the United States, and it also could try him in Venezuela.

[Croes] I understand that in addition to that administrative agreement, there is another agreement known as a covert agreement for internal use only, which both the Venezuelan Prosecutor General's Office and the U.S. State Department can use. Is this true? Are there other secret agreements?

[Badell] Not at all. There is only one agreement.

[Croes] Has any country been able to expropriate, freeze, or punish or arrest any criminal with that type of agreement?

[Badell] The United States has already had experiences regarding agreements of that sort signed with other nations, specifically, with England, and according to the information I have, the results have been considerable and positive.

[Croes] As far as I understand a similar agreement was signed at the time Pedro Tinoco was president of the Central Bank of Venezuela [BCV]. What happened with that agreement? Will it be annulled?

[Badell] That was a specific agreement regarding that case. These are agreements...

[Croes] In which case? With the BCV in the exchange of information?

[Badell] The agreement you are referring to is a tangible fact and is related to the case you just mentioned.

[Croes] No, no. I only mentioned Pedro Tinoco, who signed an agreement with the secretary of the Treasury.

[Badell] Yes, but excuse me, that specific agreement referred specifically to Boeing. You must remember the operation to purchase the presidential airplane...

[Croes] In other words, is there not an agreement under which Venezuela and the United States can communicate through the BCV?

[Badell] In general, there is no specific agreement for that presumably illegal activity.

[Croes] And why did Tinoco have to sign it?

[Badell] That was to exchange information on.... I believe he signed it in that case.... I do not believe Tinoco signed the agreement....

[Croes] But did the BCV do it?

[Badell] I think it was the BCV, but I am not sure whether or not the justice minister was the one who signed it.

[Croes] Now, that agreement did not mention anything related to tax agreements—in other words, to exchange information regarding income tax in Venezuela. Was not that provided for?

[Badell] Absolutely. This includes all activities linked to banking sector negotiations. However, if something irregular or illegal requiring that criminal responsibility be established is uncovered in that sector, then, this agreement will come into force, and it can be used to obtain the necessary evidence and to establish the corresponding criminal or civil responsibilities resulting from the crime.

[Croes] At this time, for instance, will all of the bankers who live in the United States be affected by this agreement?

[Badell] All of the bankers currently facing criminal charges or investigations.

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[Croes] What type of proof must Venezuela present to the State Department to obtain this information?

[Badell] All of the evidence being used by the courts investigating these alleged crimes.

[Croes] The Prosecutor General's Office has evidence at this time and is entitled to act and send documents to the United States in search of....

[Badell] That evidence exists in all criminal actions, and because the agreement was signed, the Prosecutor General's Office is entitled to act.

[Croes] When will you send the first evidence?

[Badell] First, we will gather the necessary information to later implement the proper procedures.

[Croes] In an interview with the U.S. ambassador, he told me that Venezuela had to submit very strong and well-founded evidence. Is Venezuela in a position to submit such evidence?

[Badell] Of course. It is necessary to comply with the formal requirements specified under the agreement to exchange information or to obtain the evidence.

[Croes] Tell me something: How is the extradition process dealt with over there? Is there not an agreement on expeditious extraditions?

[Badell] No. There is an extradition treaty between Venezuela and the United States, and this treaty is valid. As a result, as soon as there is a legal opening in the current trials now being reviewed by Venezuelan courts, we will ask for the extradition of those people presumably involved in criminal activities.

[Croes] Is it necessary to have a final sentence before starting the extradition process?

[Badell] No. It is only necessary to have an official arrest warrant following the conclusion of the first phase of the process—in other words, we need to reach the phase of a plenary proceeding. Then, automatically, and as of that moment, we can begin the extradition process.

[Croes] Who is responsible for this process?

[Badell] The court in charge of the case before the Supreme Court of Justice.

[Croes] What then is the role of the Prosecutor General's Office in this process?

[Badell] To request and point out where these people are to begin extradition procedures.

[Croes] But cannot the Prosecutor General's Office request the extradition per se?

[Badell] No. It can only request it before the court in charge of the case. The Public Prosecutor's Office plays a key role in the criminal proceedings, and this is a very important role because it represents the interests of society.

[Croes] One of the things being said is that, for example, there is an agreement between the Prosecutor General's Office, the Comptrollership, and the Attorney General's Office concerning "specialized" banking judges, which allows trials to be channeled through courts with judges already involved in these proceedings. Is this true?

[Badell] First, let me tell you the Judiciary Council is autonomous and independent in its actions and is fully empowered by the law to adopt all necessary decisions, particularly jurisdictional decisions. In this case, no pressure whatsoever has been exerted by the organizations you mention. This has been a sovereign decision adopted by the Judiciary Council with no ulterior motives.

[Croes] The United States has questioned the measure because its authorities advocate the principle that a person should be tried by common court judges, and in this case it involves specialized judges rather than regular judges. Are regular judges trying these people?

[Badell] Of course they are regular judges.

[Croes] Why?

[Badell] Because no special jurisdiction has been created here. Simply put, what the Judiciary Council has done—and it has done this in accordance with powers granted to it by law—is to delimit the jurisdiction regarding these banking activities. That is all. In other words, what the Judiciary Council has done is to establish limits in order that only certain courts, and courts that have already been established, such as the criminal courts, can handle certain crimes at the national level with national jurisdiction.

[Croes] What about the others who used to have those cases and do not have them any more?

[Badell] There is no problem. These courts will continue to be recognized, and they have even been given a certain amount of jurisdiction to resolve this matter.

[Croes] Yes, but it segregates other courts, which have natural jurisdiction, and it prevents people from resorting to other courts.

[Badell] No. Consider the following: Do you remember when the Law for the Protection of Public Property and the Narcotics Law were passed? In the beginning, when the Law for the Protection of Public Property was first being enforced, only certain courts were given jurisdiction. The decision was later changed and all courts of the Republic were given jurisdiction. That is one of the powers of the Judiciary Council. They did not create special courts exclusively to try a certain case. What they did was to restrict the jurisdiction of the courts that were in operation, which are the common courts, to try certain crimes.

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[Croes] Another argument is that the courts in charge of trying those cases were already informed of the case. In terms of the work done by these courts, will it be halted or will the trials continue from that point onward?

[Badell] The work will continue. The process and the investigations will continue, and possibly with the same advisers the initial courts may have had. I believe the situation will contribute to avoid jurisdictional conflicts, as have been happening at a national level. Courts from other states have become involved in jurisdiction conflicts, specifically the Second Criminal Trial Court in Tachira State, which initiated a jurisdictional conflict involving Banco Latino. This interrupted the investigation, but it was promptly resolved by both the Supreme Court and the Superior Court for the Protection of Private Property. This will prevent future jurisdictional conflicts.

[Croes] What happens, for example, with a trial in which the investigation has been closed or in which there is an arrest warrant? Will the closed investigation remain closed?

[Badell] That has to be decided by a legal ruling.

[Croes] Therefore, a judge who initiates a trial cannot reopen an investigation in a closed case?

[Badell] If the ruling is firmly established, the case is closed.

[Croes] Tell me something: Is the Prosecutor's General's Office aware of the amounts of money involved in the banks' illegal activities?

[Badell] That is a very difficult question to answer. You must remember that all of those investigations are continuing.

[Croes] There are those who believe, including myself, that the people involved in these crimes—those involved in corruption—have more access to the secret summary proceedings than honest people. What is your position about secret summary proceedings? Should they be maintained?

[Badell] Secret summary proceedings, in my opinion, could be expanded to include the accused, in the sense that a person being investigated, from the exact moment he is summoned before the office in charge of the criminal investigation and even before an arrest warrant is issued, should have access to the investigation. I believe it should be modified. In this case, the Constitution should be reformed.

[Croes] Let us talk about the Perez trial. Is there a deadline for the Perez trial?

[Badell] Of course.

[Croes] When will it end?

[Badell] At this moment we are in the process of evaluating and processing the evidence. Once this is concluded, the law establishes a time period for the Supreme Court to hand down a ruling.

[Croes] Could it end this year?

[Badell] If no delays come up regarding the overseas evidence that was brought up for summoning Mrs. Violeta Chamorro. In terms of overseas evidence, the law establishes a six-month period for its review. If the evidence is processed sooner, however, then automatically....

[Croes] What other types of overseas evidence have you requested?

[Badell] I did not ask for any overseas evidence. The private prosecutor and the defense were the ones who asked for this evidence. The Prosecutor General's Office did not promote....

[Croes] What did the Prosecutor General's Office promote?

[Badell] All of the evidence listed in the prosecuting documentation, testimonies, expert appraisals, and documented evidence, practically all of which have been collected.

[Croes] In the Perez case, for example, his lawyers have noted that a police delegation went to Nicaragua and that the Prosecutor General's Office insists on bringing back 10 witnesses. What is the Prosecutor General's Office trying to achieve with this?

[Badell] I do not want to give my personal opinion, because it involves a trial that is currently under way. The necessary evidence will be gathered for the corresponding report or reports. That document will reflect a definite opinion of the Prosecutor General's Office, which will enable the Supreme Court to issue a ruling.

[Croes] Has the sequestration of assets been carried out?

[Badell] Of course.

[Croes] There is something else that also draws attention. Perez's sworn statement, which I published, states he only has 8 million bolivares worth of assets, while the Prosecutor General's Office figures he has 700 million bolivares. Where will he get the rest?

[Badell] If convicted for damage caused to the public administration, he is not the only one responsible under civil law; his heirs are also responsible.

[Croes] If one of Perez's heirs got his money in an honest manner, will he have to use these assets to pay the penalties imposed by the Prosecutor General's Office?

[Badell] Of course, because heirs receive the principal's accounts payable and assets.

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[Croes] And does the Prosecutor General's Office believe Perez may leave behind a large enough inheritance to pay?

[Badell] I would rather not comment on that issue because it is something that has yet to be reviewed, and the Court of Justice will have to decide this.

[Croes] What is the Prosecutor General's Office doing about human rights? There have been complaints about recent raids. Even Hugo Chavez and people in his movement have said the Prosecutor General's Office has been somewhat lax concerning the hooded men who raided houses. In other words, is it true that hooded men raided people's homes?

[Badell] The Prosecutor General's Office has participated in all of the cases in which judicial authorities acted. We are alerted to all human rights violations, but we have yet to receive any complaints.

[Croes] But Hugo Chavez went to the Prosecutor General's Office regarding this....

[Badell] Yes, he went the office when I was out of the country in the United States.

[Croes] And he did not file a complaint?

[Badell] The Prosecutor General's Office first alternate was here, and the person you mention was immediately received. Appropriate procedures were carried out, specifically through Father Olaso.

[Croes] Are reports about hooded men in the police corps true?

[Badell] Authorities obviously have an obligation to identify themselves, by constitutional mandate, in any action they carry out, particularly when it involves a raid—in other words, when going to a person's home or residence. In such cases, the people who are in those homes may demand that officials who are planning to carry out a raid identify themselves. Of course, they have an obligation to do so.

[Croes] Given the suspension of constitutional guarantees, can the police corps enter any Venezuelan's home without authorization?

[Badell] There are certain circumstances under which the law allows this—namely, when it involves the pursuit of a criminal caught in flagrante delicto and in the perpetration of a criminal act. If someone seeks sanctuary in any residence, authorities can perfectly well enter the residence, without a warrant, to arrest him.

[Croes] According to the investigation, is the Prosecutor General's Office convinced there is truly a destabilization plan?

[Badell] I am not the appropriate person to state whether or not there is a plot to destabilize the government, but I must tell you that the Prosecutor General's Office participates in all of the proceedings that have started in connection with this, because this it its legal duty.

[Croes] Does the Prosecutor General's Office help officials who conduct a raid?

[Badell] No, but the Prosecutor General's Office can act in these cases precisely to prevent police excesses and to ensure that all legal standards are fully met in such cases.

[Croes] Do public prosecutors who act as police officials have any previous commitments?

[Badell] Absolutely not. If the police exceed their authority in the exercise of their duties, the Public Prosecutor's Office can adopt appropriate punitive actions.

[Croes] How come no excesses have been reported in these raids? Has everyone acted in line with the law?

[Badell] Well, let me tell you this: The human rights director has yet to report an incident in which human rights were violated, except for the torture at Cararabo, which will certainly be investigated.

[Croes] Tell me, why doesn't the Prosecutor General's Office intervene in the AMX-30 tank case, because this certainly is a scandal that has affected national interests?

[Badell] The case is being handled by a military court and it falls within the jurisdiction of the military.

[Croes] Going back to the bankers, has the Prosecutor General's Office requested the adoption of any new measures concerning bans on leaving the country or the seizure of assets, or will it request or sponsor legal actions?

[Badell] Important measures were recently adopted in the case of Banco Progreso, and these measures were carried out through the Prosecutor General's Office.

[Croes] Are there any plans to adopt additional measures?

[Badell] The Prosecutor General's Office will remain alert in case it is necessary to adopt precautionary measures.

[Croes] Choosing the general criteria to determine the bankers' accountability is among the responsibilities bankers and directors have. Nevertheless, there are honest people working for these banks who acted in good faith or who were unaware of these actions. Still, in some cases they are being exposed to public scorn and mockery. Regarding ways in which this public exposure could be prevented from occurring, is this issue not a matter for the Prosecutor General's Office?

[Badell] It is up to the judge to define responsibilities in each case in which measures, such as the issuance of arrest warrants, were taken. Those who consider themselves innocent can appeal to the Supreme Court.

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[Croes] When certain citizens are banned from leaving the country, does a judge have a certain deadline in which to enforce or revoke this measure?

[Badell] Under normal conditions, this measure is limited to a predetermined timeframe. However, under current conditions in which constitutional rights remain suspended because of alleged illicit activities resulting from bank and financial mismanagement, these measures could remain in effect until constitutional rights are restored.

[Croes] As for human rights, in what other cases is the Prosecutor General's Office involved?

[Badell] I must tell you that in all cases in which human rights or any other rights are supposedly violated, or in which a crime has been committed or an incident has taken place to the detriment of a minor, the Prosecutor General's Office gets actively involved. I think and believe this is how I have proceeded up until now, and this is how I will proceed. I will act like a fish acts. We will not let them know when we drink water.

[Croes] Does the Prosecutor General's Office believe it is a live or "dead fish?"

[Badell] The Prosecutor General's Office, I would say, is the champion of legality. However, to uphold justice, it is unnecessary to make much ado about what is being done.

[Croes] What is happening with all of these reports as years go by, not particularly during your tenure. What is happening to the Prosecutor General's Office's cases? What has happened to them?

[Badell] All of these cases are before the tribunals, and it is up to them to render decisions.

[Croes] How many cases does the Prosecutor General's Office currently have in the courts?

[Badell] It is hard to imagine. I can only tell you that the Prosecutor General's Office acts on behalf of Venezuelan society in all public trials. Approximately 24,000 people are confined to prisons in Venezuela, and the Prosecutor General's Office acts in each and every one of their cases.

[Croes] What is the Prosecutor General's Office doing to guarantee the lives of these inmates?

[Badell] Since the moment I took over the Prosecutor General's Office, I ordered an evaluation of all Venezuelan prisons. Of the 33 prisons existing in Venezuela, I regret to say that only two of them operate somewhat normally. One such prison is Santa Ana Prison, and the other was recently opened in Maracay. The other 31 prisons shame Venezuela before the world.

[Croes] How can people who were forbidden to leave the country leave Venezuela so easily?

[Badell] This is not an issue for the Prosecutor General's Office. It is a question for the state security bodies.

[Croes] Why do these things happen? Why do you think it is so easy for not just bankers, but for anyone to leave the country?

[Badell] It happens because there is a great amount of disorder in our country.

[Croes] What kind of disorder?

[Badell] All kinds. Everything is in disorder in Venezuela. We find disorder in the schools and in the streets. We find that everything is in chaos and there is anarchy. No one respects the law here.

[Croes] Is there so much chaos within the ranks of the police that it cannot be improve?

[Badell] Exactly. You have said it. The police have no means to control this. Also, when neither the police nor the security organizations have the means to control things, they break down into complete disorder.

[Croes] What type of means are necessary?

[Badell] The necessary equipment and officials to control the country's airports and to oversee the departures of planes and ships from our ports.

[Croes] Could it be that a lot of money is placed up front and this makes it easier for people to leave?

[Badell] I would not venture to say this. I, however, will venture to say that there is absolute disorder, and until the government gets organized, it will not be....

[Croes] Why did the prosecutor general go to Miraflores?

[Badell] To talk a bit with the president of the Republic about the agreement we signed with the United States. I had participated in the discussion of the agreement that was finally accepted. Also, it was a courtesy call on the president of the Republic.

[Croes] What does the president think about this agreement?

[Badell] He is very happy and satisfied that the agreement was signed.

[Croes] Do you believe this agreement will work? When do you think the pilgrimage of extraditions to Venezuela will begin?

[Badell] We have to wait for the legal process to move ahead. I must tell you that the law establishes a specific timeframe for requesting extradition. We have to wait to have the necessary legal foundations and processes to start to request extraditions. I would prefer that those extraditions be kept confidential as much as possible, because, if not, it will give the fugitive a chance to flee to another country. The extraditions are things that have to be processed in silence and without publicity.

[Croes] Is there any extradition being processed confidentially right now?

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[Badell] No, not yet. We still do not have the legal basis as established by law to do so.

[Croes] But this will take place soon?

[Badell] Of course. I believe we could be in a position to do this in a couple of months.

[Croes] To initiate the first extradition proceedings?

[Badell] It is possible. That depends....

[Croes] How many Venezuelan bankers who committed crimes does the Prosecutor General's Office think it can bring back?

[Badell] The Prosecutor General's Office does not bring back anyone. The relevant authorities do this.

[Croes] How many of those bankers do you think the authorities will bring back?

[Badell] I would want them to bring back everyone who is abroad in order that they can be tried in Venezuela and respond to criminal charges before the Venezuelan courts in accordance with Venezuelan law.

[Croes] Do you have the resources to fight for extradition?

[Badell] That is the government's responsibility, and it will look for the necessary resources to fight for these extraditions.

[Croes] Does the government have resources for this? Is not an extradition very expensive?

[Badell] No, it is not very expensive.

[Croes] Does it not have to argue this before a judge and with a U.S. attorney?

[Badell] The expenses are not that high. I believe there has been a certain amount of speculation on this issue.

[Croes] Do you recall that the case of Perez Jimenez cost a few million dollars....

[Badell] It was not that much. It did not cost much.

[Croes] What is the Prosecutor General's Office doing about the border conflict?

[Badell] Well, we are alert to the events that are currently happening, especially in Zulia.

[Croes] Were the deportations legal?

[Badell] Of course. People have to be deported if they are illegally residing in the country.

[Croes] What kind of cooperation do the Venezuelan and Colombian prosecutor generals have to combat car thefts and other crimes committed here and there?

[Badell] On this issue, I have been in constant contact with the Venezuelan Judicial Police and have obtained information regarding stolen vehicles sent to Colombia. I believe that not only Colombian authorities have a large responsibility to deal with such actions, but that Venezuelan authorities also are to blame because they allowed the Venezuelan vehicles to be taken to Colombia.

[Croes] How has this been controlled?

[Badell] This is precisely where we must again mention the disorder that exists in Venezuela.

[Croes] What is the Prosecutor General's Office doing to correct this disorder?

[Badell] I am very concerned about this issue, and believe I am not the one that has to get the government in order. Rather, each of the relevant offices has to bring order to the country.

[Croes] Why is it so difficult to recover a few vehicles from Colombia and bring them back here?

[Badell] We have to comply with current Colombian standards and laws to bring back the vehicles that are in Colombian territory.

[Croes] Why has the Prosecutor General's Office failed to present charges against the people who allowed these vehicles to cross into Colombian territory?

[Badell] Well, I have ordered investigations in these cases to determine which officials are responsible. We have to determine whether there were faults of omission or commission, because, as you have pointed out, there could have been corruption. Criminals promote corruption to achieve their objective, which, in this case, was to take vehicles abroad.

[Croes] Did the trial against Perez cause you any problems in your position?

[Badell] Absolutely none.

[Croes] Do you not feel threatened or fear Perez will be reborn from his ashes and that you might become a victim at some later date?

[Badell] I do not think we will get to that point.

[Croes] Do you think Perez is going to be found guilty?

[Badell] I cannot answer. Let us wait for the court's decision. The Court of Justice has to decide this.

[Croes] You have been presenting evidence, and this indicates that you are convinced of his guilt.

[Badell] Of course, I am providing evidence, and it is being presented, but let us wait for the court to issue its ruling on this case.

[Croes] What frustrates Ivan Badell? What has made you feel frustrated in your life?

[Badell] I do not feel frustrated in any of my actions.

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[Croes] Did you ever imagine that Ivan Badell would one day serve as prosecutor general of the Republic?

[Badell] I never imagined it.

[Croes] Why?

[Badell] Well, because it is something one cannot foresee. Congress appointed me, but it was not because Ivan Badell asked for the position.

[Croes] Did you have any political support or clout, or were you appointed by a specific party?

[Badell] I believe we have known each other for a number of years. I am not a politician and I do not belong to any political party. The Congress of the Republic appointed me, and I am doing my job.

[Croes] What is your opinion of the political parties?

[Badell] Political parties are fundamental to a democratic system.

[Croes] Have you ever thought of joining any party?

[Badell] No.

[Croes] Not even National Convergence?

[Badell] None of the parties.

[Croes] Does Ivan Badell have any ambitions?

[Badell] Ivan Badell's only ambition is the ambition of his country, our country—namely, to get it back on its feet and leave a proud legacy for our children and grandchildren.

[Croes] Do you not want material wealth? Do you not like money?

[Badell] No. Basically, no. Money is necessary to live comfortably, but I am not necessarily desirous of money.

[Croes] Do you feel you are an upper class or a middle class man? Or do you consider yourself to be poor? Where do you place yourself?

[Badell) I believe Venezuelans, fortunately, cannot say we belong to any social class. Truthfully, I have had a comfortable life with some sacrifices, of course. I have not had the abundance that is needed to live an inordinately comfortable life, but I have lived peacefully and feel very satisfied with having a home, a wife, and, what is my greatest treasure, my children.

[Croes] How are your relations with your mother-in-law?

[Badell] Wonderful. Very good.

[Croes] Do you have debts with any of the banks in which the government has intervened?

[Badell] Absolutely not. I have no debts, and I owe no one.

[Croes] Did you leave your savings in any of these banks?

[Badell] No, none.

[Croes] Have you always had a good eye to know where to save your nickels?

[Badell] No, because what little I have, I have had in the bank for a long time, and, fortunately, it is not one of the banks in which the government has had to intervene.

[Croes] After serving as prosecutor general, what then?

[Badell] I think I will feel satisfied of having upheld the responsibilities given to me by the Venezuelan state and people.

[Croes] Do you sleep well, or do you have trouble sleeping, like Perez?

[Badell] I sleep very peacefully.

[Croes] Does the Perez trial keep you up at nights?

[Badell] No, not at all.

[Croes] Were you up all night reading a file that has so many pages? How many pages did you read?

[Badell] I read for seven hours.

[Croes] In one day?

[Badell] In one and one-half days. I read five hours on the first day about the charges, and later I had two more hours of reading.

[Croes] And, prior to forming an opinion?

[Badell] It took me three months in all. The copy of the file got to me in August of last year, and I presented the writ with the charges on 15 November.

[Croes] What bothered you when you were reading the file?

[Badell] Nothing bothered me. It was a pretty bulky file. I reviewed it, studied it, and after selecting all the evidence....

[Croes] Was it a police blotter?

[Badell] A file.

[Croes] Was it interesting reading?

[Badell] It is a very bulky file, and, of course, there is a great amount of revealing evidence... and on which I supported the charges I made.

[Croes] Are you Perez's friend or enemy?

[Badell] Absolutely neither one nor the other.

[Croes] But, then what?

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